

Mr. President, it is my opinion that the bill which we were fortunate in having unanimously passed by the Senate has perhaps put into the service of their country some of those in the Government departments in Washington, to whom reference has been made in reports and otherwise, who have been in the service of the Government at the taxpayers' expense.

However, I wish there to be no misunderstanding in connection with many faithful Government employees. As I said some time ago when I introduced in this body records bearing upon the subject, there are many, many Government employees deserving commendation. But, Mr. President, in fairness at last many of those, as shown by the reports, who deserve little consideration are on their way to where the other boys in this country are gladly serving.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER (Mr. HATCH in the chair). If there be no reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

COLLECTOR OF CUSTOMS—ELAINE BEADLING

Mr. GEORGE. Mr. President, earlier in the day the nomination of Elaine Beadling to be collector of customs, collection district No. 12, was favorably reported from the Committee on Finance. The Treasury Department has indicated a necessity for the immediate consideration of the nomination. Inasmuch as the Department has so expressed itself, I understand that the Senator from Maine has said that he will lodge no objection to immediate action on the nomination.

Mr. WHITE. Mr. President, I understand that the situation is an emergency one. It is my understanding that the collector has died or retired.

Mr. GEORGE. No; he has resigned.

Mr. WHITE. I suppose that in a district of such great importance it is highly necessary that there should be a collector of customs, and I have no objection to the present consideration of the nomination.

Mr. GEORGE. Mr. President, I ask unanimous consent that the Senate proceed to consider the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will state the nomination.

The legislative clerk read the nomination of Elaine Beadling to be collector of customs for customs collection district No. 12.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The clerk will proceed to state the nominations on the calendar.

POSTMASTER AT ARTHUR, N. DAK.

The legislative clerk read the nomination of Elizabeth B. Scott to be postmaster at Arthur, N. Dak., which had previously been passed over.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

SECURITIES AND EXCHANGE COMMISSION

The legislative clerk read the nomination of Robert Kendall McConnaughey to be a member of the Securities and Exchange Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc.

That completes the calendar.

Mr. BARKLEY. I ask unanimous consent that the President be notified of all nominations confirmed today.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

RECESS TO MONDAY

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until next Monday at 12 o'clock noon.

The motion was agreed to; and (at 1 o'clock and 55 minutes p. m.) the Senate took a recess until Monday, November 22, 1943, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 18, 1943:

FOREIGN SERVICE

Ray Atherton to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Canada.

SECURITIES AND EXCHANGE COMMISSION

Robert Kendall McConnaughey to be a member of the Securities and Exchange Commission.

COLLECTOR OF CUSTOMS

Elaine Beadling to be collector of customs for customs collection district No. 12, with headquarters at Pittsburgh, Pa.

POSTMASTERS

FLORIDA

Julia S. Wheeler, Ormond Beach.

MISSISSIPPI

Ruby M. Summers, Saucier.

NORTH DAKOTA

Elizabeth B. Scott, Arthur.

OKLAHOMA

Ralph D. Kester, Enid.

HOUSE OF REPRESENTATIVES

THURSDAY, NOVEMBER 18, 1943

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

God be merciful unto us and bless us and cause His face to shine upon us that Thy way may be known upon earth, Thy saving health among all nations. Let the people praise Thee, O God, let all the people praise Thee. O let the na-

tions be glad and sing for joy for Thou shalt judge the people righteously and govern the nations upon earth. Let the people praise Thee, O God, let all the people praise Thee, then shall the earth yield her increase and God, even our own God, shall bless us, God shall bless us, and all the ends of the earth shall fear Him.

Now let us all join in the Lord's Prayer:

Our Father who art in heaven, hallowed be Thy name. Thy kingdom come, Thy will be done in earth as it is in heaven. Give us this day our daily bread and forgive us our trespasses as we forgive those who trespass against us and lead us not into temptation, but deliver us from evil; for Thine is the kingdom and the power and the glory forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a newspaper article.

The SPEAKER. Is there objection? There was no objection.

RECESS

The SPEAKER. The House will stand in recess, subject to call.

Accordingly (at 12 o'clock and 5 minutes p. m.) the House stood in recess.

The joint meeting of the two Houses was called to order by the Speaker at 12 o'clock and 25 minutes p. m.

The Doorkeeper, Mr. Ralph R. Roberts, announced the Vice President and Members of the Senate.

The Senate, preceded by the Vice President and by their Secretary and Sergeant at Arms, entered the Chamber.

The Vice President took the chair at the right of the Speaker and the Members of the Senate took the seats reserved for them.

The SPEAKER. On the part of the House, the Chair appoints as a committee to escort our distinguished guest to the Chamber the gentleman from Massachusetts [Mr. McCORMACK], the gentleman from Massachusetts [Mr. MARTIN], and the gentleman from New York [Mr. BLOOM].

The VICE PRESIDENT. On the part of the Senate, the Chair appoints as a committee to escort the Secretary of State into the Chamber the Senator from Kentucky [Mr. BARKLEY], the Senator from Maine [Mr. WHITE], and the Senator from Texas [Mr. CONNALLY].

At 12 o'clock and 30 minutes p. m. the Doorkeeper, Mr. Ralph R. Roberts, announced the members of the President's Cabinet, who entered the Chamber and took the seats reserved for them.

At 12 o'clock and 31 minutes p. m., the Secretary of State, Mr. Cordell Hull, escorted by the committee of Senators and Representatives, entered the Hall of the House and stood at the Clerk's desk.

The SPEAKER. Members of the Senate and the House of Representatives, it gives me great pleasure to welcome

back to this Chamber one of its most distinguished ex-members. It was here he began a career that has led to worldwide fame. By his great work at Moscow, in my humble opinion, he has interpreted the inarticulate longings of millions here and of millions over there who, through fear today, cannot speak for themselves. It is my great pleasure, and my high privilege to present to you the Secretary of State, Mr. Cordell Hull.

Mr. SECRETARY HULL. Mr. President, Mr. Speaker, I am immensely gratified to be back in these Legislative Halls and again meet numerous friends, old and new, and especially former colleagues in the two Houses, for each of whom I have long entertained sentiments of great respect and genuine affection. I appreciate deeply the high compliment of being invited to meet with you today. But I appreciate even more the fact that, by your invitation, you have emphasized your profound interest in the principles and policies for which the Moscow Conference stood, and in the progress made by the participating governments in carrying them forward.

In the minds of all of us here present, and of the millions of Americans all over the country, and at battle stations across the seas, there is and there can be, at this moment, but one consuming thought—to defeat the enemy as speedily as possible. We have reached a stage in the war in which the United Nations are on the offensive in every part of the world. Our enemies are suffering defeat after defeat. The time will come when their desperate movement to destroy the world will be utterly crushed. But there are in store for us still enormous hardships and vast sacrifices. The attainment of victory will be hastened only in proportion as all of us, in this country and in all of the United Nations, continue to exert all possible effort to press home our advantage without the slightest relaxation or deviation.

The glorious successes which have already attended our arms and the confidence which we all feel today in assured, though still immensely difficult, victory would have been impossible if this country and Great Britain and the Soviet Union and China and the other victims of aggression had not each risen as a unit in defense of its liberty and independence. They would have been equally impossible if all these nations had not come together in a brotherhood of self-preservation.

While we are thus engaged in the task of winning the war, all of us are acutely conscious of the fact that the fruits of our victory can easily be lost unless there is among us wholehearted acceptance of those basic principles and policies which will render impossible a repetition of our present tragedy, and unless there is promptly created machinery of action necessary to carry out these principles and policies. The Moscow Conference is believed to have been an important step in the direction both of shortening the war and of making provision for the future.

The convocation of the conference was the result of a profound conviction on

the part of President Roosevelt, Prime Minister Churchill, and Marshal Stalin that, at this state of the war, frank and friendly exchanges of views between responsible representatives of their three Governments on problems of post-war, as well as war, collaboration were a matter of great urgency. Up to that time such exchanges of views had taken place on several occasions between our Government and that of Great Britain. But the exigencies of war had been obstacles to the participation of the Soviet Government in similar exchanges to the same extent. With the acceleration of the tempo of war against Germany, the necessity became daily more and more apparent for more far-reaching discussions and decisions by the three Governments than had occurred theretofore.

I went to Moscow, by direction of President Roosevelt, to discuss with the representatives of Great Britain and the Soviet Union some basic problems of international relations in the light of principles to which our country, under the President's leadership, has come to give widespread adherence. It has never been my fortune to attend an international conference at which there was greater determination on the part of all the participants to move forward in a spirit of mutual understanding and confidence.

The conference met against the background of a rapidly changing military situation. From the east and from the south, the Nazi armies were being steadily hammered back into narrower and narrower confines. From the west, the Allied air forces were relentlessly and systematically destroying the nerve centers of German industrial and military power.

Formidable as the war task still is, it has been increasingly clear that the time is nearing when more and more of the territory held by the enemy will be wrested from his grasp, and when Germany and its remaining satellites will have to go the way of Fascist Italy. In these circumstances, new problems arise which require concerted action by the Allies—to hasten the end of the war, to plan for its immediate aftermath, and to lay the foundation for the post-war world. Our discussions in Moscow were concerned with many of these problems. Important agreements were reached; but there were no secret agreements, and none was suggested.

Of the military discussions which took place it can be stated that they were in the direction of facilitating closer cooperation between the three countries in the prosecution of the war against the common enemy. I am glad to say that there is now in Moscow a highly competent United States Military Mission, headed by Maj. Gen. John R. Deane.

The attention of the conference was centered upon the task of making sure that the nations, upon whose armed forces and civilian efforts rests the main responsibility for defeating the enemy, will, along with other peacefully minded nations, continue to perform their full part in solving the numerous and vexatious problems of the future. From the outset, the dominant thought at the con-

ference was that, after the attainment of victory, cooperation among peace-loving nations in support of certain paramount mutual interests will be almost as compelling in importance and necessity as it is today in support of the war effort.

At the end of the war, each of the United Nations and each of the nations associated with them, will have the same common interest in national security, in world order under law, in peace, in the full promotion of the political, economic, and social welfare of their respective peoples—in the principles and spirit of the Atlantic Charter and the declaration by United Nations. The future of these indispensable common interests depends absolutely upon international cooperation. Hence, each nation's own primary interest requires it to cooperate with the others.

These considerations led the Moscow Conference to adopt the four-nation declaration, with which you are all familiar. I should like to comment briefly on its main provisions.

In that document it was jointly declared by the United States, Great Britain, the Soviet Union, and China "that their united action, pledged for the prosecution of the war against their common enemies, will be continued for the organization and maintenance of peace and security."

To this end, the four governments declared that they "recognize the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states and open to membership by all such states, large and small." I should like to lay particular stress on this provision of the declaration. The principle of sovereign equality of all peace-loving states, irrespective of size and strength, as partners in a future system of general security will be the foundation stone upon which the future international organization will be constructed.

The adoption of this principle was particularly welcome to us. Nowhere has the conception of sovereign equality been applied more widely in recent years than in the American family of nations, whose contribution to the common effort in wartime will now be followed by representation in building the institutions of peace.

The four governments further agreed that, pending the inauguration in this manner of a permanent system of general security, "they will consult with one another and as occasion requires with other members of the United Nations with a view to joint action on behalf of the community of nations" whenever such action may be necessary for the purpose of maintaining international peace and security.

Finally, as an important self-denying ordinance, they declared "that after the termination of hostilities they will not employ their forces within the territories of other states except for the purposes envisaged in this declaration and after joint consultation."

Through this declaration, the Soviet Union, Great Britain, the United States, and China have laid the foundation for

cooperative effort in the post-war world toward enabling all peace-loving nations, large and small, to live in peace and security, to preserve the liberties and rights of civilized existence, and to enjoy expanded opportunities and facilities for economic, social, and spiritual progress. No other important nations anywhere have more in common in the present war or in the peace that is to follow victory over the Axis Powers. No one, no two of them can be most effective without the others, in war or in peace.

Each of them had, in the past, relied in varying degrees upon policies of detachment and aloofness. In Moscow, their four governments pledged themselves to carry forward to its fullest development a broad and progressive program of international cooperation. This action was of world-wide importance.

As the provisions of the four-nation declaration are carried into effect, there will no longer be need for spheres of influence, for alliances, for balance of power, or any other of the special arrangements through which, in the unhappy past, the nations strove to safeguard their security or to promote their interests.

The conference faced many political problems, growing out of the military activities in Europe. It was foreseen that problems of common interest to our three governments will continue to arise as our joint military efforts hasten the defeat of the enemy. It is impracticable for several governments to come to complete and rapid understanding on such matters through the ordinary channels of diplomatic communication. The conference accordingly decided to set up a European Advisory Commission with its seat in London. This Commission will not of itself have executive powers. Its sole function will be to advise the Governments of the United States, Great Britain, and the Soviet Union. It is to deal with nonmilitary problems relating to enemy territories and with such other problems as may be referred to it by the participating governments. It will provide a useful instrument for continuing study and formulation of recommendations concerning questions connected with the termination of hostilities.

For the purpose of dealing with problems arising from the execution of the terms of surrender of Italy and with related matters growing out of the developing situation in that country, the conference established an advisory council for Italy. This council will consist of representatives of the Governments of the United States, Great Britain, and the Soviet Union, of the French Committee of National Liberation, and of the Governments of Yugoslavia and Greece, as early as practicable. The members of the council will advise the Allied commander in chief and will make recommendations to the respective governments and to the French committee concerning nonmilitary problems relating to Italy.

It was clearly understood that the setting up of these two agencies was not intended to supersede the usual diplomatic

channels of communication between the three Governments. On the contrary, arrangements were made for expeditious and effective handling of questions of concern to the three Governments through tripartite diplomatic conversations in any one of the three capitals.

In a declaration on Italy, the conference set forth a number of principles on the basis of which democratic restoration of that country's internal political structure should take place. These principles—including freedom of religion, of speech, of the press, and of assembly, and the right of the people ultimately to choose their own form of government—are among the most basic human rights in civilized society.

In a declaration on Austria, the forcible annexation of that unhappy country was pronounced null and void. It was further declared that Austria is to be given an opportunity to become re-established as a free and independent state, although the Austrians were put on notice that in final analysis the treatment to be accorded them will depend upon the contribution which they will make toward the defeat of Germany and the liberation of their country.

The Conference also served as an occasion for a solemn public declaration by the heads of the three governments with regard to the perpetrators of the bestial and abominable crimes committed by the Nazi leaders against the harassed and persecuted inhabitants of occupied territories—against people of all races and religions, among whom Hitler has reserved for the Jews his most brutal wrath. Due punishment will be administered for all these crimes.

Finally, the Conference gave preliminary attention to a number of other specific problems relating to the eventual transition from war to peace. A fruitful exchange of views took place on such questions as the treatment of Germany and its satellites, the various phases of economic relations, the promotion of social welfare, and the assurance of general security and peace.

These were among the outstanding developments at the Moscow Conference. The intensive discussion, lasting 2 weeks, did not and was not intended to bring about the solution of all the problems that are before us. Much less could we anticipate the problems that are bound to arise from day to day and from year to year. There were other problems, such, for example, as questions relating to boundaries, which must, by their very nature, be left in abeyance until the termination of hostilities. This is in accordance with the position maintained for some time by our Government.

Of supreme importance is the fact that at the Conference, the whole spirit of international cooperation, now and after the war, was revitalized and given practical expression. The Conference thus launched a forward movement which, I am firmly convinced, will steadily extend in scope and effectiveness. Within the framework of that movement, in the atmosphere of mutual understanding and confidence which made possible its beginning in Moscow, many of the prob-

lems which are difficult today will, as time goes on, undoubtedly become more possible of satisfactory solution through frank and friendly discussion.

I am happy on this occasion to pay personal tribute to those with whom it was my privilege to confer in Moscow. Mr. Molotov arranged for the business of the conference in a most efficient manner. Both as chairman and participant, he manifested throughout the highest order of ability and a profound grasp of international affairs. Mr. Eden, with his exceptional wisdom and experience, exhibited the finest qualities of statesmanship. I found in Marshal Stalin a remarkable personality, one of the great statesmen and leaders of this age.

I was deeply impressed by the people of Russia and by the epic quality of their patriotic fervor. A people who will fight against ruthless aggression, in utter contempt of death, as the men and women of the Soviet Union are fighting, merit the admiration and good will of the peoples of all countries.

We of today shall be judged in the future by the manner in which we meet the unprecedented responsibilities that rest upon us—not alone in winning the war, but also in making certain that the opportunities for future peace and security shall not be lost. As an American, I am proud of the breadth and height of the vision and statesmanship which has moved you, ladies and gentlemen, in each House of the Congress, to adopt, by overwhelming nonpartisan majorities, resolutions in favor of our country's participation with other sovereign nations in an effective system of international cooperation for the maintenance of peace and security.

Only by carrying forward such a program with common determination and united national support, can we expect, in the long range of the future, to avoid becoming victims of destructive forces of international anarchy which in the absence of organized international relations will rule the world. By the procedure of cooperation with other nations likewise intent upon security, we can and will remain masters of our own fate.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 1 o'clock and 19 minutes p. m.

PROCEEDINGS DURING THE RECESS

The SPEAKER. Without objection, the proceedings occurring during the recess of the House will be printed in the RECORD.

There was no objection.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include some excerpts from an article by Westbrook Pegler.

The SPEAKER. Is there objection?

There was no objection.

Mr. CASE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in two instances.

The SPEAKER. Is there objection?

There was no objection.

Mr. SULLIVAN. Mr. Speaker, I ask unanimous consent to extend my remarks and include an editorial from the Washington Post.

The SPEAKER. Is there objection? There was no objection.

Mr. CLASON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter received by me.

The SPEAKER. Is there objection? There was no objection.

Mr. POULSON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include a statement by Vice President Osmeña, of the Philippines.

The SPEAKER. Is there objection? There was no objection.

Mr. TALLE. Mr. Speaker, I ask unanimous consent to extend my remarks and include a speech on John Hanson made by a constituent residing in my home county.

The SPEAKER. Is there objection? There was no objection.

Mr. BISHOP. Mr. Speaker, I ask unanimous consent to extend my remarks in the CONGRESSIONAL RECORD on the new pay schedule. And I am also inserting a table which gives the amount of money paid to the dependents.

The SPEAKER. Is there objection? There was no objection.

Mr. BENDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a resolution adopted by the Sons of Italy.

The SPEAKER. Is there objection? There was no objection.

Mr. RAMEY. Mr. Speaker, I ask unanimous consent to extend my remarks and include an editorial from the Toledo Times in regard to aviation, under date of November 14.

The SPEAKER. Is there objection? There was no objection.

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Virginia [Mr. BLAND] may extend his remarks and include a copy of an Executive order.

The SPEAKER. Is there objection? There was no objection.

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein two speeches that I made in my district.

The SPEAKER. Is there objection? There was no objection.

AMENDING THE SELECTIVE TRAINING AND SERVICE ACT OF 1940

Mr. MAY. Mr. Speaker, I call up the conference report on the bill (S. 763) amending the Selective Training and Service Act of 1940, as amended, and for other purposes, and I ask unanimous consent that the statement on the part of the managers may be read in lieu of the report.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 763)

amending the Selective Training and Service Act of 1940, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That section 5 of the Selective Training and Service Act of 1940, as amended, is hereby amended by adding at the end thereof the following new subsections:

"(1) In the case of any registrant whose principal place of employment is located outside the appeal board area in which the local board having jurisdiction over the registrant is located, any occupational deferment under subsection (c) (2) or subsection (e) of this section existing at the date of enactment of this subsection shall within thirty days after such date, and any such occupational deferment made after the date of enactment of this subsection shall within ten days after such deferment is made, be submitted for review and decision to the selective service appeal board having jurisdiction over the area in which is located the principal place of employment of the registrant. Such decision of the appeal board shall be final unless modified or changed by the President, and such decision shall be made public. The President, upon appeal or upon his own motion, shall have power to determine all claims or questions with respect to inclusion for, or exemption or deferment from, training and service under this Act; and the determination of the President shall be final.

"(m) Notwithstanding the provisions of section 4 (b), under such rules and regulations as the President may prescribe, on the basis of the best inventory information available to him at the time of allocating calls, without affecting the usual regular and orderly flow of the Nation's manpower into the armed forces as required for service therein, and in accordance with the requisitions of the land and naval forces and with the other provisions of this Act, registrants shall, on a Nation-wide basis, within the Nation and a State-wide basis within each State, be ordered to report to induction stations in such a manner that registrants, regardless of their occupations or the activities in which they may be engaged, who were married prior to December 8, 1941, who have maintained a bona fide family relationship with their families since that date and who have a child or children under 18 years of age, will be inducted after the induction of other registrants not deferred, exempted, relieved from liability, or postponed from induction under this Act or the rules and regulations prescribed thereunder who are available for induction and are acceptable to the land and naval forces. The term "child" as used in this section means a legitimate child born prior to September 15, 1942, a stepchild, adopted child, foster child, or a person who is in the relationship of child to the registrant, who became such prior to December 8, 1941, who is less than 18 years of age, or who by reason of mental or physical defects is incapable of self-support, who is unmarried, and with whom the registrant has maintained a bona fide family relationship in their home since December 7, 1941, or since the date of birth if such date of birth is later than December 7, 1941: *Provided*, That no individuals shall be called for induction, ordered to report to induction stations, or be inducted because of their occupations, or by occupational groups, or by groups in any plant or institutions, except pursuant to a requisition by the land or naval forces for persons in needed medical professional and specialist categories."

"Sec. 2. (a) Section 10 (a) (2) of such Act, as amended, is amended to read as follows:

"(2) to create and establish a Selective Service System, and shall provide for the classification of registrants and of persons who volunteer for induction under this Act on the basis of availability for training and service, and shall establish within the Selective Service System civilian local boards, civilian appeal boards, and such other agencies, including agencies of appeal, as may be necessary to carry out the provisions of this Act. There shall be created one or more local boards in each county or political subdivision corresponding thereto of each State, Territory, and the District of Columbia. Each local board shall consist of three or more members to be appointed by the President, from recommendations made by the respective Governors or comparable executive officials. No member of any such local board shall be a member of the land or naval forces of the United States, but each member of any such local board shall be a civilian who is a citizen of the United States residing in the county or political subdivision corresponding thereto in which such local board has jurisdiction under rules and regulations prescribed by the President. Such local boards, under rules and regulations prescribed by the President, shall have power within their respective jurisdictions to hear and determine, subject to the right of appeal to the appeal boards herein authorized all questions or claims with respect to inclusion for, or exemption or deferment from, training and service under this Act of all individuals within the jurisdiction of such local boards. The decisions of such local boards shall be final except where an appeal is authorized and is taken in accordance with such rules and regulations as the President may prescribe. Appeal boards within the Selective Service System shall be composed of civilians who are citizens of the United States. The decision of such appeal boards shall be final in cases before them on appeal unless modified or changed by the President as provided in the last sentence of section 5 (1) of this Act. No person who is an officer, member, agent, or employee of the Selective Service System, or of any such local or appeal board or other agency, shall be excepted from registration, or deferred from training and service, as provided for in this Act, by reason of his status as such officer, member, agent, or employee."

"(b) Section 10 (a) (3) of such Act, as amended, is amended to read as follows:

"(3) to appoint, by and with the advice and consent of the Senate, and fix the compensation of at a rate not in excess of \$10,000 per annum, a Director of Selective Service who shall be directly responsible to him and to appoint and fix the compensation of such other officers, agents, and employees as he may deem necessary to carry out the provisions of this Act: *Provided*, That any officer on the active or retired list of the Army, Navy, Marine Corps, or Coast Guard, or of any reserve component thereof or any officer or employee of any department or agency of the United States who may be assigned or detailed to any office or position to carry out the provisions of this Act (except to offices or positions on local boards or appeal boards established or created pursuant to section 10 (a) (2)) may serve in and perform the functions of such office or position without loss of or prejudice to his status as such officer in the Army, Navy, Marine Corps, or Coast Guard or reserve component thereof, or as such officer or employee in any department or agency of the United States: *Provided further*, That any person so appointed, assigned, or detailed to a position the compensation in respect of which is at a rate in excess of \$5,000 per annum shall be appointed, assigned, or detailed by and with the advice and consent of the Senate: *Provided further*, That the President may appoint necessary clerical and stenographic employees for local boards and fix their compensation without regard to the Classification Act of 1923, as amended."

"Sec. 3. Section 10 (b) of such Act, as amended, is amended to read as follows:

"(b) The President is authorized to delegate to the Director of Selective Service only, any authority vested in him under this Act (except section 9). The Director of Selective Service may delegate and provide for the delegation of any authority so delegated to him by the President and any other authority vested in him under this Act, to such officers, agents, or persons as he may designate or appoint for such purpose or as may be designated or appointed for such purpose pursuant to such rules and regulations as he may prescribe."

"Sec. 4. Section 10 of such Act, as amended, is amended by adding at the end thereof the following new subsection:

"(e) In order to assist in the determination of whether or not men should be deferred from training and service because they are physically, mentally, or morally deficient or defective, and to delay as long as possible the induction of men living with their families, the President is authorized and directed forthwith to appoint a commission of five qualified physicians, of whom one only shall be an Army officer and one only a Navy officer, and the three remaining members shall be qualified civilian physicians not employed by the Federal Government, who shall examine the physical, mental, and moral qualification requirements for admission to the Army, Navy, and Marine Corps, and recommend to the President any changes therein which they believe can be made without impairing the efficiency of the armed services. The commission shall especially consider the establishment of special standards for men who will be inducted only for limited service. The Director of Selective Service shall cause to be reexamined those men, including those previously discharged from the armed services because of physical disability, who may qualify under any new standards established."

"Sec. 5. Any registrant within the categories herein defined when it appears that his induction will shortly occur shall, upon request, be ordered by his local board in accordance with schedules authorized by the Secretary of War, the Secretary of the Navy, and the Director of Selective Service, to any regularly established induction station for a pre-induction physical examination, subject to reexaminations.

"The commanding officer of such induction station where such physical examination is conducted under this provision shall issue to the registrant a certificate showing his physical fitness or lack thereof, and this examination shall be accepted by the local board, subject to periodic reexamination. Those registrants who are classified as I-A at the time of such physical examination and who are found physically qualified for military service as a result thereof, shall remain so classified and report for induction in regular order.

"Sec. 6. The Director of Selective Service shall obtain full and complete information from the various agencies, departments, and branches of the Federal Government, and from other sources, concerning requests for deferment, deferments, exemptions, rejections, discharges, inductions, enlistments, replacement schedules, and other matters with respect to registrants, whether or not they are members of the armed forces, or whether or not they are Government or private employees; and he shall report that information, together with the manner in which the provisions of the Selective Training and Service Act of 1940, as amended, are being administered, to the Senate and House Committees on Military Affairs monthly or at such intervals as the Committees may designate from time to time.

"Sec. 7. Except as provided in this Act, all laws and parts of laws in conflict with the provisions of this Act are hereby suspended

to the extent of such conflict for the period in which this Act shall be in force."

And the House agree to the same.

ANDREW J. MAY,
EWING THOMASON,
PAUL J. KILDAY,
LESLIE C. ARENDS,
CHAS. H. ELSTON,
FOREST A. HARNES,

Managers on the part of the House.

ROBT. R. REYNOLDS,
EDWIN C. JOHNSON,
LISTER HILL,
WARREN R. AUSTIN,
STYLES BRIDGES,
CHAN GURNEY,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 763) amending the Selective Training and Service Act of 1940, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The first section of the Senate bill and the first section of the House amendment add several new subsections to section 5 of the Selective Training and Service Act of 1940, as amended. The first of these subsections in the Senate bill (subsection (m)) contains a prohibition against the employment by, or retaining in the employment of, the Federal Government any registrant between the ages of 18 and 38 who is deferred on occupational grounds, unless such registrant is a father or his services in his Federal position have been duly certified to be indispensable. This subsection also contained a prohibition against the deferment on occupational grounds of any registrant between the ages of 18 and 38 who is employed by any employer other than the Federal Government, unless such registrant is a father or his services in the position in which he is employed have been certified by his employer to be indispensable. The House amendment did not contain any provisions comparable to this subsection, and no such provisions are contained in the conference agreement.

Subsection (n) in the Senate bill related to registrants whose principal place of employment is located outside the appeal board area of his local board, and provided for the review of occupational deferments of such registrants by the appeal board having jurisdiction over the area where the registrant's principal place of employment is located. The decision of such appeal board was to be final unless modified or changed by the Director of Selective Service. The subsection also provided that the Director should have power to determine all questions with respect to inclusion for, or exemption or deferment from, training and service under the act. Subsection (l) in the House amendment contained similar provisions, but required that the decisions of the appeal boards in cases referred to above should be made public. The conference agreement follows the House amendment in this respect and modifies the subsection so as to vest in the President the power to modify or change such decisions of the appeal boards and to determine claims or questions with respect to inclusion for, or exemption or deferment from, training and service. The powers so vested in the President will be subject to delegation by him to the Director of Selective Service in accordance with the provisions of section 10 (b), which are discussed later in this report.

Subsection (o) in the Senate bill contained provisions comparable to subsection (m) in the House amendment. The purpose of the provisions in the Senate bill was to provide that to the fullest extent practicable the induction of registrants who are fathers should

be postponed until after the induction of registrants who are not fathers and are not otherwise deferred. The Senate bill also contained a definition of the term child to be used for the purpose of determining who should be considered fathers for the purposes of this section. The comparable provisions in the House amendment contained a number of changes in the Senate language designed to require stricter compliance with the policy stated in the subsection, and made a clarifying change in the definition of the term "child." Subsection (m) in the conference agreement contains the House language with certain modifying changes. The first of these changes is for the purpose of making it clear that this subsection, to the extent that it is inconsistent with the quota provisions contained in section 4 (b) of the act, supersedes such quota provisions. The subsection as contained in the conference agreement provides that under such rules and regulations as the President may prescribe, and on the basis of the best inventory information available to him, without affecting the usual regular and orderly flow of manpower into the armed forces as required for service therein, and in accordance with the requisitions of such forces and with the other provisions of the act, registrants shall, on a Nation-wide basis within the Nation, and a State-wide basis within each State, be ordered to report to induction stations in such a manner that registrants, regardless of their occupations or the activities in which they may be engaged, who were married prior to December 8, 1941, who have maintained a bona fide family relationship with their families since that date and who have a child or children under 18 years of age, will be inducted after the induction of other registrants not deferred, exempted, relieved from liability, or postponed from induction under this act or the rules and regulations prescribed thereunder who are available for induction and are acceptable to the land and naval forces.

The House amendment added at the end of this subsection a provision not contained in the Senate bill, which provided that no individuals should be called for induction, ordered to report to induction stations, or be inducted, because of their occupations, or by occupational groups, or by groups in any plant or institutions. This provision will do away with the so-called nondeferable orders which distinguish between persons in the same status with respect to dependents merely because of differences in occupations. It does not abolish class II occupational deferments and the distinctions resulting from such deferments, but it does prevent registrants in a given occupation from being inducted in advance of the time they would otherwise be inducted, merely because of their occupation. The conference agreement retains this provision with an exception which will make it inapplicable in the case of a requisition by the land or naval forces for persons in needed medical professional and specialist categories, such as physicians, dentists, nurses, pharmacists, medical technicians, and other professional persons or specialists in medical fields.

Section 2 of the House amendment contained provisions not contained in the Senate bill, which amended paragraphs (2) and (3) of section 10 (a) of the act for the purpose of clarifying existing law with respect to the eligibility of persons other than civilians for service connected with agencies of appeal, other than appeal boards. The conference agreement follows the House amendment in this respect.

Section 2 of the Senate bill amended section 10 (b) of the Act so as to authorize the President to delegate to the Director of Selective Service any authority vested in the President under the Act, except section 9, and to authorize the Director to delegate or provide for the delegation of authority vested

in him to other officers, agents, or persons. The corresponding provision of the House amendment (sec. 3) was the same as the Senate provision except that it authorized and directed the President to delegate to the Director all authority vested in the President under the Act, except section 9 or section 10 (a) (3). The conference agreement authorizes the President to delegate to the Director of Selective Service only any authority vested in the President under the Act (except sec. 9). This provision (together with sec. 7 of the conference agreement, which suspends laws in conflict with the provisions of this Act to the extent of such conflict) means that all authority vested in the President under the Selective Training and Service Act (except sec. 9) will, notwithstanding the provisions of any other law, after the date of this amendatory Act, be exercised by the President personally, or by the Director of Selective Service under delegation from the President subject to further delegation by the Director.

Section 3 of the Senate bill added a new subsection to section 10 of the Act. This subsection provided for the appointment of a commission of qualified physicians to examine the physical qualification requirements for admission to the armed forces and recommend to the President changes which they believe should be made in such standards. The subsection also provided for the reexamination of men who might qualify under any new standards. Section 4 of the House amendment contained similar provision but provided that only one member of the commission should be an Army officer and only one a Navy officer, and the other civilian physicians not employed by the Federal Government. The conference agreement (sec. 4) is the same as section 4 of the House amendment, except for a clarifying change to indicate that the commission shall examine mental and moral, as well as physical, qualification requirements.

Section 4 of the Senate bill provided for preinduction physical examinations at induction centers for registrants when it appeared that their induction would shortly occur. The House amendment (sec. 5) contained similar provisions with certain changes of an administrative and clarifying nature. Section 5 of the conference agreement follows the language of the House amendment, with further clarifying changes. Under the conference agreement the preinduction physical examinations will be given at regularly established induction stations, in accordance with schedules authorized by the Secretary of War, the Secretary of the Navy, and the Director of Selective Service. The results of such examinations are to be accepted by the local boards for the purpose of determining whether or not registrants are physically qualified for service, but any registrant who has been given such an examination will be subject to reexamination, from time to time, and the determination as to his physical qualification or lack thereof may be changed as the result of any such reexamination. Registrants who are in class I-A when they take the preinduction physical examination, and who are found physically qualified for military service as a result thereof, will remain so classified and report for induction in regular order.

Section 6 of the House amendment contained provisions, not in the Senate bill, directing the Director of Selective Service to obtain information from the various governmental agencies concerning requests for deferments, exemptions, rejections, and replacement schedules, of registrants employed by the Federal Government, and to report thereon to the Senate and House Committees on Military Affairs. This section is retained in the conference agreement with some modifying and clarifying changes. It is contemplated that these reports will be made informally and personally by the Direc-

tor or one of his representatives, and will be oral or written according to the desires of the respective committees.

Section 7 of the House amendment provided that all provisions of law in conflict with the provisions of this act should be suspended to the extent of such conflict. This section is retained in the conference agreement.

Sections 5 to 16, inclusive, of the Senate bill amended the existing law relating to servicemen's dependents allowances. There were no comparable provisions in the House amendment. The subject matter to which these sections related has been dealt with in the bill (S. 1279) which has been enacted into law since the present bill passed the Senate. Consequently, these provisions are omitted from the conference agreement.

ANDREW J. MAY,
EWING THOMASON,
PAUL J. KILDAY,
LESLIE C. ARENDS,
CHAS. H. ELSTON,
FOREST A. HARNESSE,

Managers on the part of the House.

Mr. MAY. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. KILDAY].

Mr. KILDAY. Mr. Speaker, the conference report follows generally the provisions of the bill as it was passed by the House.

The changes made are not in many instances very substantial, although there are a number of changes in the bill. I believe it would be well to state the principal things which will be accomplished by the bill.

It will carry into effect the provisions for the deferment of fathers until non-fathers have been drafted, practically in accordance with my bill which was passed by the House last spring; the principal difference being that this will relate only to so-called pre-Pearl Harbor fathers rather than create the categories which were contained in that bill.

It will mean that when the Director of Selective Service levies his calls upon the States he will consult the inventory of available men in each State and where that inventory indicates an available supply of non-pre-Pearl Harbor fathers he must allocate his calls to those States in such manner as to draw off those non-pre-Pearl Harbor fathers before he levies calls for fathers; in other words he would go over the Nation levying the call for non-pre-Pearl Harbor fathers. When those are exhausted he could go back over the Nation and levy his call so as to get the balance of the requisition of the armed forces even though it was required to draft pre-Pearl Harbor fathers.

The same system would apply within the States: The State director in levying his call would consult his inventory of local boards and levy it so as to draw off first the non-pre-Pearl Harbor fathers before he levied calls which would require the induction of pre-Pearl Harbor fathers.

Mr. KENNEDY. Mr. Speaker, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from New York.

Mr. KENNEDY. I am anxious to know whether or not a State which has contributed a great many men beyond its proper share would be taxed even further

under this arrangement simply because it happened to have non-pre-Pearl Harbor fathers?

Mr. KILDAY. I doubt if that would result to any substantial extent in view of the present inventories on the subject. Existing law as to quotas among the States is amended to the extent that these calls can be levied on the basis of available manpower.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. KILDAY. I yield.

Mr. PACE. Inasmuch as boys are becoming 18 years of age every day there will naturally be a small supply of single registrants. Would the provisions of this bill require that boys who have recently become 18 be called before they began to call pre-Pearl Harbor fathers?

Mr. KILDAY. All the evidence relating to the size of the armed forces at the end of this calendar year indicates that 446,000 fathers will be necessary to meet the size of the armed forces determined by the high command. The further assumption is that after the first of the year replacements will be practically the draft's levy for the Army. In other words, insofar as you reduce the number taken to make up this 446,000, you reduce them for the extent of the program. Inasmuch as almost a hundred thousand enter the draft pool every month and from this approximately 65,000 members of the armed forces are obtained—approximately 45,000 entering through selective service and 20,000 voluntarily—it is assumed under the present program that this, with the reclassification of the IV-F's which we hope to acquire under this bill, will be sufficient to meet the replacement schedules unless there might be some necessity for revising the present plans of the high command. In addition, it must be remembered that the Navy is now also making requisitions on the Selective Service System.

Mr. CASE. Mr. Speaker, will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from South Dakota.

Mr. CASE. I wish to ask the gentleman a question with reference to the first section of the bill. This proposes to transfer appeals from the local board where a man is registered to the appeal board where a man may be employed on the question of his deferment. Is the gentleman satisfied with this provision? It would seem to me this might result in a double draft on those communities where the boys have gone away to work in industries and that the appeal board there will be more impressed by the need of the man for industry than the local appeal board, which would be more impressed by the local manpower problem.

Mr. KILDAY. I believe that from our experience the opposite has been found to be true; in other words we found in Government employ many men holding occupational deferments for whom such deferments had not been asked under the Lodge-Maybank bill; in other words we found the local board more impressed by the man's statement for the need for his deferment and the character of his work than would have been the local board in the place where the man was

employed and which knew the nature of his employment. Many times the deferment had been granted on the mere statement of the deferred man himself. We must remember that this is going to go from the board of the man's residence to the appeal board of his place of employment.

That appeal board is dealing day in and day out with the men registered within its own State and within its own appeal board area; so that when it comes to stressing the importance of the industry with it, you are going to find the opposite to be true, because the members of the appeal board have constantly been forcing their own registrants into the service. If this man from out of the appeal-board area is in a nonessential position I think that board will be quicker to send him into the service, because for every one they unnecessarily defer occupationally they are going to send one of their own men into the armed services.

Mr. CASE. That may be, except if this man is charged against the quota of a local board the appeal board where the industry is located would have no relation to the dislocation or demand for the dislocation in the other area.

Mr. KILDAY. I think the gentleman is under a misapprehension as to the provisions of the bill. The provision does not transfer the case to the appeal board where the man is employed. When the occupational deferment is granted by the board where the man is registered but not employed, there is an automatic appeal to the appeal board of the area in which he is employed. If the appeal board rejects the occupational deferment, then the case goes back to the local board of the registrant's residence and he will be inducted in accordance with the call of the local board where he is registered. He cannot be used to fill the quota of the area in which he is working. He would be a credit on the quota of the local board where he resides.

Mr. CASE. If he is deferred what district would supply the man to take his place?

Mr. KILDAY. It would be a question of the adjustment of the quotas. It is just exactly the same as if he were working in the district where he is registered. It makes no difference at all. The board of his residence must first defer him for occupational reasons before this provision ever goes into effect.

Mr. HINSHAW. Will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from California.

Mr. HINSHAW. I understand there have been hundreds of thousands of men discharged for the convenience of the Government largely because of physical deficiencies and that these men are immediately placed back on the draft rolls. Many of them have been reinducted after having been once discharged. Can the gentleman explain to us how it comes that these men are reinducted after having been discharged for reasons best known to the Army?

Mr. KILDAY. There may be isolated cases. I doubt very much if there are

many such cases and I am not able to explain to the gentleman how those isolated cases may have occurred.

Mr. HINSHAW. Why are they not permanently out when they have been discharged by the Army and the Army has nothing further to do with them?

Mr. KILDAY. They should be; and if they are not, there is an error some place.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from Massachusetts.

Mrs. ROGERS of Massachusetts. I cannot help but feel that the fathers who are not taken into the service must be grateful to the WAC's and WAVES. These women have released men from the service so that the fathers may not be taken. One of the WAC's in Africa was given a soldier's medal for bravery because with her bare hands she put out a fire and saved a soldier's life.

Mr. KILDAY. The WAVES and WAC's have replaced men, and are doing an admirable job. The military program is an over-all program. For every WAC and WAVE that goes into the service it becomes unnecessary to draft a man who would otherwise be necessary.

Mr. CURTIS. Will the gentleman yield?

Mr. KILDAY. I yield to the gentleman from Nebraska.

Mr. CURTIS. Getting back to the hypothetical case that the gentleman from South Dakota raised in reference to a man working away from his residence and where he is registered. Suppose the local board refuses to defer him, where does he appeal, if he takes one?

Mr. KILDAY. It goes to the regular appeal set-up as at present and the appeal could go to either appeal board. It is just the same as at the present time and the bill makes no change.

Mr. CURTIS. The request for an appeal does not go to the place where he is working?

Mr. KILDAY. It might go to either board as at present under the administrative procedure of the selective-service system.

The SPEAKER. The time of the gentleman has expired.

Mr. MAY. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. ELSTON].

Mr. ELSTON of Ohio. Mr. Speaker, the adoption of this conference report, I believe, will result in a more orderly induction of men into the service than prevails at the present time. It will also eliminate a great deal of the confusion which has existed for some time particularly with respect to the induction of pre-Pearl Harbor fathers. Moreover, it will result in transferring back to the Selective Service Director, where Congress always intended it should be, full power and authority to administer the Selective Service Act. I refer in particular to that part of the bill passed by this House, which completely divests the Chairman of the War Manpower Commission of authority to administer any part of the Selective Service Act.

You will recall that the President some time ago by Executive order transferred Selective Service to the War Manpower

Commission. Since that time we have witnessed a great deal of confusion, for it was shortly after that transfer that the Chairman of the War Manpower Commission set up nondeferable lists. In so doing he listed certain types of business and occupations as being essential while others were denominated as non-essential, the men in the nonessential groups, regardless of their dependents, being required to transfer to the essential occupations or be inducted into the service. Some of us have contended that such action was without authority of law. However, since it actually happened, our only way now to correct it is by legislation. So we have adopted as a part of this bill an amendment which I originally offered to the Kilday bill. This amendment, which appears at the end of section 5 (m), completely forbids the induction of men by occupations or by occupational groups, the only exception being persons in needed medical, professional, and specialist categories. This amendment now having been agreed to, the practice of setting up nondeferable lists will be terminated, as a result of which men will hereafter be inducted as was originally provided for in the Selective Service Act, namely, according to the status of the individual regardless of his occupation. You will note that we have now provided that the President shall have authority to transfer Selective Service functions to a Selective Service Director only. This will prevent the transfer of such functions to the War Manpower Commission or any other executive agency of the Government.

In this bill provision is made for an appeal to an appeal board in the jurisdiction in which men are engaging in essential work. This will take care of the case, for example, where men have been able to obtain deferments through their local boards simply by saying they are employed in a governmental agency. An appeal board in Washington would be in a better position than the local or appeal boards back home to judge whether such men are engaged in occupations essential to the war effort. We believe this process will take from the Government pay roll and from some industries many men who have heretofore been labeled as essential, thus lessening the demand for men with families.

Bear in mind that this bill does not provide against the induction of pre-Pearl Harbor fathers. I have been asked by a number of Members whether or not it affects men already in the service. It does not. It affects only those men who will hereafter be called. While categories are not listed as they were in the Kilday bill, all nonfathers will be called first if this bill should become a law.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. MAY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON WAYS AND MEANS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means have until midnight tomorrow to file a report on H. R. 3687, the tax bill introduced by me today.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that the minority members of the Committee on Ways and Means have until midnight, Saturday, to file a supplementary report on the tax bill.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Nebraska [Mr. CURTIS] be permitted to extend his own remarks in the RECORD and include therein some excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter from the President of the United States.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. GATHINGS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HOBBS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Times-Herald.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ADJOURNMENT FROM FRIDAY TO MONDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the

House adjourns tomorrow it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

COMMODITY CREDIT CORPORATION

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 356, and ask for its present consideration.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 3477) to continue the Commodity Credit Corporation as an agency of the United States, to revise the basis of annual appraisal of its assets, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 days, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I yield 15 minutes to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, the Congress has passed legislation—in operation now—recognizing the danger of inflation to ourselves and the war effort, and in that act known as the Price Control Act has directed the President to keep prices at the September 15, 1942, level.

The President has courageously done his duty. He has held the line better than most persons thought he could do. Mistakes have been made, yes, but decent-thinking persons expect that. As we look over the whole picture, he has done a remarkable job in holding the line against the break-through of inflation.

One thing is certain, when inflation comes, as it is bound to if this bill becomes law, the fault will rest with those Members of Congress who voted for this bill and not with the President. We might just as well be willing to accept our responsibility. If this bill passes, the responsibility for inflation, if it comes, as it will, in my opinion, will rest with Congress. We should be game enough to take our responsibility for our own acts.

If this bill passes, our people might just as well know now as later that inflation is here. The passage of this bill means wide-open competition among the purchasing public for available food and goods. With existing purchasing power, with the demand far greater than the supply, the result is inevitable.

Mr. Bowles, the O. P. A. Administrator, has stated that the increase in the cost of living by next January will be 4 percent if the bill passes. I consider that a conservative estimate. In any event, even if confined to an over-all 4-percent

increase in the cost of living, that will be only the starting point. It will be then that the general public, sleeping or slumbering now, reading of impending inflation, but failing to recognize its significance, will wake up, and then their voices of resentment will be heard and felt.

The amazing and disappointing thing to me is the lack of interest taken by the consumer public in the meaning of price control in wartime, in failing to let their feelings and voices be heard before it is too late, before the damage is done to them.

It seems as though most of us wait until we are sick and in pain before we pause in our everyday life to give thought to the cause or causes that bring sickness and pain to us. It seems to be the same with the general public.

We have the spectacle in this fight of Congress saying to the President, "Hold the price level as of September 15, 1942; we direct you to do so, but we are going to take away from you the power to do it." We might just as well say to any one of our generals in command of a battle area that the enemy is attacking, "We direct you to hold the line," and then in the next breath say that we order all of his troops to retire.

If we expect effective price control during this war, we must give the President the means to accomplish it. If the combination of political and pressure groups is strong enough to bring about inflation, why do they not do the honorable thing and repeal the Price Control Act? Why adopt the inconsistent and insincere position that we are in today, of directing the President to hold the line as of September 15, 1942, and at the same time take away all means by which it can be done? I am practical enough, having been subjected to it myself on many occasions, to appreciate the significance of a strong pressure interest from a district. On most of the legislation before Pearl Harbor I voted contrary to the views of well organized groups in my district. On the question of pressure, one thing is certain, that anyone representing mainly or on the whole a consumers' district, that Member, whether Republican or Democrat, is not subjected to that situation, to that pressure. That being so, another thing is certain, that any such Member voting for inflation will be voting against the direct best interests of the people of his district. In this connection it will be interesting to note how my Republican colleagues who represent consumers' districts will vote on the question of inflation—how many will vote for it and how few against it.

The American public may not fully appreciate the meaning of what is attempted by this bill, but if inflation comes, they will. One thing is certain. When public opinion is aroused, it is a voice and a power that will tolerate no subtle excuses.

I suggest to my colleagues that they go back to the last World War when there was uncontrolled and unrestricted inflation. Consider the conditions which existed at that time and the properly aroused clamor and demand emanating

from the housewives of America who protested vigorously against the intolerable price conditions. We do not have that spectacle today.

By the Price Control Act we declared war against inflation, instructing the President to hold the line as of September 15, 1942. By this bill we still direct the President to wage the war against inflation, but we take away from him the ways and the means to do so. The issue today is not one of partial administration subject to criticism or of unsound judgment. Those matters are subject to constructive criticism, and later correction. The basic issue raised by this bill is price control versus inflation. We have heard all kinds of fanciful arguments made on this question of subsidies in recent weeks. Some Republican Members have even condemned the payment of subsidies to the farmers in the dark years of the Hoover depression, when the supply of farm products was much greater than the demand, and when the cost of transportation to the market was more than the farmer could get for his product.

Time passes quickly, and when conditions improve, it seems to be a human trait for people to forget past pains and sufferings. But the people generally are not ungrateful, certainly not intentionally so.

Even while time passes quickly and with better conditions, the pains of the past become dim. I doubt if all of our people and if all of our farmers have forgotten the pain and the suffering of the unpleasant and dark era known as the Hoover depression. When these Members talk about the conservation program of President Roosevelt, and this Democratic administration, with the payment of subsidies, with the problem of a glutted market, with corn, wheat, cotton, and other farm products selling at the lowest price in history, with a necessity for governmental action that would bring about a more equal operation of the law of supply and demand, such an argument is an insult to the intelligence and the gratitude of the farming population of our country. Yes, I can remember, during the dark era known as the Hoover depression, of foreclosures of farms by the tens of thousands, and in some cases fine men in their desperation resisting such foreclosures. I sat here during that period, and I witnessed the do-nothing policy, and I saw the results—economic distress everywhere—inaction, letting nature take its course, which meant the complete destruction of agriculture. And it was very close to that when President Roosevelt took office in 1933. Under the leadership of President Roosevelt the whole country came out of its economic nose dive. Yes, subsidies were paid to the farmers, and what would have happened if they had not been paid? Subsidies were paid as a part of a broader problem of bringing about a normal operation of the law of supply and demand, thereby bringing to the farmer conditions under which he could get a fair price for his product. One thing is certain. He did not continue to get the destructively low prices of the Hoover depression.

When any Member, upon the premise that the farmer has forgotten those days, attacks what was done to help the farmer then, he proceeds upon one of two theories, that the farmer cannot remember back 10 years or that, remembering, he forgets the leadership of the man who employed all of the powers of Government to constructively assist him in his extreme distress. I brand as intellectually dishonest, as a partisan political appeal, for any Member to compare the conditions of 1933 with the conditions of today. Then the supply was greater than the demand. The result was lower and lower prices until general bankruptcy faced agriculture and industry. The conflict that President Roosevelt waged after his inauguration in 1933 was the war against deflation. Today, due to the demands of war, the picture is the opposite. The demand is far greater than the supply. Unless controlled in some way, prices will spiral upward and uncontrolled inflation will result. Distress will exist, and prices will become so prohibitive that the poor will suffer keenly. Economic group feelings will develop, and everyone will ultimately suffer, as we are all in some way consumers. The cost of conducting the war will be sharply increased. The purchasing value of the dollar for all will rapidly be decreased. Internal division will increase and the morale of our people will be affected with a harmful result upon our whole war effort. In 1933 we were fighting a war against deflation. In 1943 we are fighting the war against inflation.

While I have no doubt as to the outcome of this global war and our ultimate success, it is my strong opinion that if inflation comes it will tend to prolong rather than shorten the war. To any Member who in his conscience stands for inflation and honestly feels inflation would be for our best interests, in sharp disagreement with him, I respect his right to entertain his views, although I do not agree with his opinion.

However, to any Members who are opposed to inflation and who recognize that some kind of price control is necessary to prevent inflation, I say that in barring the use of subsidies to control prices you have a duty and obligation to offer a substitute to the existing law, a substitute that either by congressional act will prevent inflation or by congressional direction to the President will enable him to establish some effective machinery other than the use of subsidies.

In conclusion, expressing my views on the basic question of control of prices, I cannot see how we can control prices with the tremendous purchasing power, the tremendous demand that exists, far greater, and in some cases many times greater, than the supply, and this artificial situation which exists under war conditions which we must meet, how we can control prices unless something of a practical nature is done. I am not approving of all of the things that are done. But those are the things subject to constructive criticism and correction. I have heard many speeches; I have agreed with Members on both sides making constructive criticism that should be

welcomed and that under no condition or by remote inference do I criticize, and it is not subject to criticism. I have acted upon suggestions made by Members here. I think it is healthy to seek constructive criticism. It produces corrections and better results. But today we are faced with a basic question whether or not we are going to have inflation, and in order to prevent inflation we have got to have price control and you cannot have it by congressional fiat. We can prescribe it, as we have, by the words we have used in existing law, but we cannot accomplish it nor can anyone else unless machinery is provided some place, either established by Congress or given to the President, to control the prices and thereby prevent inflation.

To those who feel such conditions are not satisfactory so far as the operation of law is concerned, for example, the O. P. A., criticize constructively those things you think are subject to criticism, but I ask you, by all means, do not let your feelings or criticism of those actions operate by reaction in a manner that you will vote for a bill that will prevent the control of prices and bring about inflation. Personally, I have no doubts as to the outcome. I had hoped that some kind of compromise would be brought about. Personally I do not think the line can be held hard and fast. There must be a little flexibility. I made that statement when the original O. P. A. act was up. All we can do is hold the line as much as we can. When the pressure is great we must give a little, just like armies attacked and then when they must retreat they do not wait until they are destroyed, but they retreat and form a new line to hold the enemy back. Frankly that has always been my opinion. The best way to administer it would be with a little flexibility where the feeling of arbitrary action would be eliminated or reduced to a minimum. Those have been my personal feelings. But on the basic question involved in this bill today, the question of inflation or no inflation, I have no hesitancy in taking my position in support of the President. And I will support any substitute that will bring about price control and prevent inflation during this war period.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Michigan (Mr. MICHENER).

Mr. MICHENER. Mr. Speaker, I am not going to enter upon a discussion of this controversial and technical bill. Suffice it to say that the distinguished majority leader has taken the floor and has presented from a manuscript a very comprehensive discussion of the matter from the viewpoint of those who favor consumer subsidies. I dare say that when the debate shall have finished there will be no point raised in favor of subsidies that has not been covered by the distinguished majority leader. We are not debating the merits of the bill now but the provisions of the rule. I have just a word about the rule. I have been asked a number of times whether the commentator over the radio was correct when he said that this bill would be considered under a gag or a closed rule. That statement was incorrect. All this

rule does is to bring this bill before the House for consideration by the House under the general rules of the House. The bill will be open to all germane amendments offered by any Member during the reading of the bill under the 5-minute rule. Now, Mr. Speaker, let us all enter upon the discussion of this important matter, not in a partisan, not in a selfish manner, not because one is majority leader, or because one is minority leader. There should be no political whiplashing upon the backs or the consciences of the Members when they are conscientiously considering a matter which is and should be entirely nonpartisan. I hope that we will approach this vital measure in that attitude and in that frame of mind. I hope to discuss the merits of the bill later in the debate.

Mr. Speaker, I now yield 10 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, I supported and voted for this rule when it was before the Rules Committee. I expect to vote for the rule here today and also to vote for the bill, including section 3 thereof, which undertakes to prohibit the payment of general consumer subsidies.

Certain Members appeared before the Rules Committee to urge the adoption of a special rule which would provide for a separate vote on section 3. That suggestion was not followed by the Rules Committee. Of course, an amendment to strike section 3 from the bill can be made during the consideration of the bill. If a majority favors such action, the amendment will prevail. If the amendment does not prevail, then those favoring the payment of consumer subsidies will have to choose between voting for the prohibition or against the extension of commodity credit. But that is a situation which very frequently confronts us in passing finally on legislation. To attempt in each case to suit certain individual desires would involve us in endless difficulties. After all, under the general rules of the House, the majority can work its will.

It was also suggested that we make in order by special rule a substitute proposal which is embodied in a bill introduced by the gentleman from Massachusetts [Mr. HERTER]. While there is undoubtedly much to recommend something along the line of his suggestion, his bill has not had committee consideration nor that detailed study which generally precedes floor consideration of such a far-reaching proposal. Therefore, it seemed to the majority of the Rules Committee that such a special rule should not be granted.

The only and real issue involved in this legislation is whether the Congress shall prohibit the payment out of Federal funds of general consumer subsidies.

It is my considered judgment that this matter of subsidies would not now be before us if the administration had grappled courageously, honestly, and realistically with the problems of price control. And further, even today, there is no need to resort to such subsidies in our efforts for price control and to prevent runaway inflation.

Let no one tell you that those of us who oppose these subsidies are in favor of inflation. For myself, I voted for the various price-control laws. I do not stand for their repeal today. My only regret is that the demands of some of us for an over-all, effective and complete price control from the very beginning were not heeded by the administration. It is the failure to adopt such a plan and the further failure to properly administer the various statutes which have been enacted that has resulted in the price squeezes and the increases in the cost of living which are now sought to be alleviated by the payment of consumer subsidies.

Mr. Speaker, you will notice that I refer to consumer subsidies. In considering this question, we must remember that the prohibition contained in section 3 does not go to production subsidies to be paid to submarginal or high-cost producers in order to keep up production. The prohibition goes only to consumer subsidies which apply to rich and poor alike by relieving them of a part of the cost of certain commodities which they buy at the expense of the Federal Treasury. Consumer subsidies are taxation in reverse. We take out of the Federal Treasury the money to pay part of the living cost of all people who buy certain commodities. The war profiteer, big or small, is thus permitted to keep more of his profits.

Subsidies must be paid out of borrowed money. They increase the Federal debt, a debt which is now growing to such proportions as to be almost terrifying. Untold generations to come will be struggling to pay the debt now being created. We certainly should not expect them to pay for the bills which we ourselves should now be paying.

Consumer subsidies are now being sought as a matter of political expediency. They are more of appeasement than good, common sense. They represent a resort to the path of least resistance. They are an extension of the old illusion that if we pay something out of the Federal Treasury, it does not cost anybody anything. That illusion so long held by so many millions of our people must now be about shattered as they march up to pay the tax collector.

It seems rather strange to me that a large part of the clamor for the payment of consumer subsidies comes from those who, in respect to the comparative amount of pay they are presently receiving, have profited the most from the extraordinary expenditures of the war effort. Their demands leave me cold. There are undoubtedly many consumers who are being badly squeezed by reason of having level incomes which do not compensate for increased living costs and increased taxation. But I seriously doubt whether any considerable number of that group want relief through the payment of general, over-all consumer subsidies which are in issue in this bill.

It has been suggested that the expenditure of a few millions in subsidies will save billions in the cost of living and inflation. Such a contention is completely absurd. It should be obvious to

everyone that if we pay out of the Federal Treasury a part of the cost of certain consumer goods, the purchaser will profit only in the amount paid, less the expense of administering the fund made available. In plain words, if the Government pays 5 cents of the cost of a pound of butter which I buy, I have profited to the tune of 5 cents, and no more.

Much has been said about the so-called farm bloc and its position in this controversy. I have been accused of belonging to that bloc, although many times my farmer friends have thought right bitterly of me because they said I did not belong to the bloc. So I do not know whether I belong or not. Let us not forget, however, that the present law authorized the administration to put a ceiling on farm prices at parity. That is the figure which is supposed to represent a fair return to the farmer. It is a figure which the administration has sought for years to reach. If prices of farm products are not ceilinged at parity, then I assume the administrators in charge of the program have reasons therefor.

Assuming that the farmer is getting no more than a fair price for his product, and assuming that subsequent processors and distributors are getting no more than a fair return for the service they perform, then the resulting price to the consumer is fair and reasonable and is not inflationary. Consumers should not resent paying such a price.

In conclusion, the majority leader said that the Congress had directed the President to "hold the line," to stabilize prices, that if we insist on this position against consumer subsidies that all of his authority in that regard, or I take it the larger part of his authority in that regard, will be nullified.

The plain fact of the matter is that a long time ago the Congress of the United States said to the President of the United States: "Stabilize prices and control the threat of inflation." The plain fact also is that in spite of the mandate of the Congress and the authority the Congress vested in the President the line has not been held, inflation or moves in the direction of inflation have not been controlled. That is not the responsibility of the Congress.

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. MICHENER. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. HALLECK. That is the responsibility of the administration which is presently demanding that we continue to pay in ever-increasing amounts the consumer subsidies. If we view the past record in the matter of holding the line whatever may happen about consumer subsidies in this bill may not materially affect prices and price control. No one can definitely know what we may expect as to the future, but as far as I am concerned I am convinced that these consumer subsidies that have been paid and that they want to pay now will not be a drop in the bucket in the matter of controlling inflation. What we need is a

complete turn-about and an effective and good-faith determination on the part of those in charge of administering the statutes we have enacted to prevent inflation as an over-all proposition.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. HINSHAW. I understood the majority leader to say that if this bill is passed in the form in which it is brought to the floor that it will be in the nature of a directive to the President to take off all price ceilings. Does the gentleman think that?

Mr. HALLECK. No such conclusion, of course, could be reached. There is nothing in the action that is here proposed that could be said to indicate anything like that at all.

The SPEAKER. The time of the gentleman from Indiana has again expired.

Mr. MICHENER. Mr. Speaker, I yield 10 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, I am in favor of the rule and I shall support this bill as it is here presented. If the committee offers certain amendments which have been talked about, I expect to support those.

What I wish to direct my remarks toward at this particular moment is the reasoning which was used in the statement presented by the gentleman from Massachusetts [Mr. McCORMACK] because with his general thesis, I disagree. He took the position that if this bill becomes law it will put into operation great inflationary forces in our economy. I deny that general approach for these reasons: I have in my hand a circulating statement of United States money as of September 30, 1943, showing \$18,844,000,000 in circulation.

I have here a statement issued on October 30 by the Comptroller of the Currency, Treasury Department, showing that there was to the credit of individuals, corporations, and partnerships as of June 30, 1943, a little over \$82,000,000,000 in deposits, and that our people had to their credit \$3,163,000,000 in Government postal and savings deposits, or, in round figures, a little over \$90,000,000,000 spending or buying power to the credit of our people and on the books of the banks of this country.

I have a bulletin from the Federal Reserve Bank which shows that we have in excess of \$23,000,000,000 of gold.

I submit, Mr. Speaker, that the deposits to the credit of our people, plus the currencies which they have in their hands and in their lock boxes, plus our gold stocks, primarily constitute the economic forces with which we shall create inflation in this country, if inflation is to come. I again deny that the provisions of this bill will bring inflation to our people.

Let me point it out in this way, Mr. Speaker: At the present time we have over four times what we had in September 1926 and in September 1929 in the form of money in circulation. We have over three and one-third times what we had in 1920, when our wholesale price index level was 167 percent of

1926 as against a price level in September of only 103 percent of the 1926 level. Our gold stocks are five times what they were in 1929 and about eight times what they were in 1920. Our total time and demand deposits are about 60 percent greater than in December 1929, and they are almost two and four-tenths times as great as they were in May 1920.

Our expansions in deposits, in gold, in currency in circulation, I repeat, Mr. Speaker, are the forces which will precipitate inflation in this country, when, as, and if we, the people, start turning those factors over and bringing into operation what the economists call the velocity of spending. For instance, in 1929 the velocity of demand deposits in banks in 101 of the reporting cities was 67 times per year. That is, \$1,000,000,000 demand deposits were moving along and energizing \$67,000,000,000 worth of business in this country. I am informed that last September our velocity was less than 20 times turn-over. When the American people begin turning over their present demand deposits and their currency and utilizing our gold in connection with the expansion of commercial credits through the banks, and turn them over at 30, 40, or 67 times per year, it is then you will feel the inflationary forces destroying our people, and then we shall be setting the stage for another great financial debacle, and far worse than that one of 1929. But this little bill such as we are considering here today, if it goes into effect, will not bring inflation. I will challenge any man on this floor during the debate, in the next 3 or 4 days, to show me a statement from any recognized leading economist in this country which does not support the thesis I am here advancing with reference to the 2-dimensional characteristics of these 3 elements—demand deposits, gold, and money in circulation—as related to their velocity.

What are we doing in this country today? What are you doing with the money that is to your credit in the bank? I am talking about your demand deposits. What are you doing with the money that stands to your favor in your lockbox and in other places where you have it? Is its velocity high or low? Are you using it? How fast do you propose to turn it over in the coming months or years, at which time you may desire to run away from the ownership of credits and currency into the ownership of things, of land, of farms, of real estate as city property, of commodities, of equities in corporations represented by debentures, bonds, and stocks? When you decide to run away from the ownership of credits, currency, and gold into the ownership of these other things and begin to whip up that velocity three or four times as fast as at present, that is when you will feel the economic effect of the inflationary forces to which the gentleman from Massachusetts [Mr. McCORMACK] referred.

But this bill will not bring inflation to our people. I am prepared to take any consequences that may come to me from a political standpoint in my support of this proposal. I contend, Mr. Speaker, that the farmers of this country are en-

titled to a market where they can go and sell their goods without depending on the whims, the caprices, and at times the prima donna attitudes, and the political phases that operate in appropriation committees and in legislative bodies as to whether or not farmers are to have a decent, fair, and equitable return for their labor in the form of their products which they place on the market. I do not propose to be a party now or at any subsequent date to making the farmers of this country dependent upon our appropriations with respect to subsidy money, whether through the Reconstruction Finance Corporation, the Commodity Credit Corporation, or any other Government-owned or controlled agency. I insist that the farmers of this country, insofar as it is possible under war conditions, be permitted to put their produce on the open market, that they be permitted to have the O. P. A., for instance, announce the prices which will cover their cost of production plus a reasonable return, just as we buy goods from the manufacturing interests of this country through the contracts which we negotiate with them, later on renegotiate, and later on tax. The farmers in their particular branch of industry are entitled to as fair treatment in peace and in war-times as we give to our manufacturing concerns and this bill moves in the direction of doing that very thing.

I trust that this House will back up the provisions of the bill.

The SPEAKER. The time of the gentleman has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, obviously I cannot discuss the merits of this bill in 5 minutes. I insist that the reason there is so much opposition to subsidies now is because adequate consideration has not been given the subject and I do not think adequate consideration will be given in the general debate on this bill. I mean by a substantial majority of the Members of the House. Consent has already been obtained that when the House adjourns tomorrow it adjourns until Monday next. This rule provides for 2 days general debate—that is, today and tomorrow. That is an invitation. Of course it was not so intended to anybody who wants to leave until Monday, now is a good time to go, and most of the Members will go and will not be giving this bill much consideration. That is, a majority of the Members will not.

NO ALTERNATIVE FOR SUBSIDIES EXCEPT HIGHER PRICES

There is no alternative but subsidies if you want to keep down the cost of living and if you want to pay the producers an adequate price to encourage production. There is absolutely no alternative.

HIGH PRICES AND INFLATION

A vote for this bill in the form in which it is written now is a vote to further increase the high cost of living. This is a high cost of living bill. Furthermore, a vote for this bill will promote and encourage inflation, a vote for this bill is an inflationary vote which is not the only

inflationary vote the Members of this House have cast. This is an inflationary Congress.

INFLATIONARY CONGRESS

We have done everything within our power to force inflation in this country. In the first place we need a lot of money for taxes to pay on the national debt. Instead of taxing \$12,000,000,000 we gave back in the Republican Ruml plan tax bill $7\frac{1}{2}$ billion dollars.

Now these is a movement on foot not to place any substantial tax bill upon the statute books, so we are going in the wrong direction. We are not taxing enough to pay the cost of the war and we are encouraging an increase in prices, which, of course, is inflationary as well as increasing the high cost of living.

Of course, no one can oppose the rule if he is in favor of the Commodity Credit Corporation. When the rule is adopted, the question will come up, and I expect to offer an amendment, if someone else does not, to strike out section 3. When that is done, if the Republicans vote solidly together, as they claim they will, that means we do not have a chance to get it adopted. When we do not get it adopted, we have no record vote on it. It is not possible to get any record vote on that question at all if the Republicans resist it. So in a way, whether or not it was intended, we are not getting adequate consideration to the extent that a Member will go on record on passing on this fundamental question.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I have only 5 minutes. Of course, if the gentleman insists I will yield to him.

Mr. HALLECK. I think the gentleman should yield to me on this occasion.

Mr. PATMAN. Certainly, I will yield.

Mr. HALLECK. The gentleman made a statement about how some Members might not be here to listen to the debates, that some of them might even be home. Does not the gentleman agree with me that even though frequently by reason of committee assignments or other things we have to do we cannot be present on the floor, we do have the CONGRESSIONAL RECORD, which contains all of the debates and the speeches of gentlemen like the gentleman from Texas who are informed about the subject, and we have a chance to read in the CONGRESSIONAL RECORD what has been said?

Mr. PATMAN. That is all right; I thank the gentleman, but I have only 5 minutes.

Of course, the political vote on this thing is to vote for section 3, vote for the whole bill as it is, and then when it is vetoed just pray that the veto will not be overridden. Then you have satisfied all groups, you have not lost any support, you have gained lots of support; but you would be ruined if it were actually put into effect; that would absolutely ruin you, and I do not believe the minority party wants that done.

I think if they are looking at it from the political standpoint, as I think a great many of them are, they will vote for this bill as it is in the hope that they will gain

some favor with the farmers of this country, and then pray that it will not be overridden, with the knowledge if it is not overridden that the consumers will not hold it against them. So that is a fine political vote for them to cast, for that reason, and it can be exploded only if the veto is overridden.

As I was going to say when our good friend from Indiana interrupted me, this Congress is an inflationary Congress. Everything we have done has been in that direction. It is true that we voted for a good bill to stabilize prices, wages, and salaries, and we not only asked the President but we directed him to hold that line. I do not believe it is possible to hold the line absolutely 100 percent, and you do not either. A lot of things have been done that should not have been done, but we should not say, "We will just let the country go to the dogs because certain things have happened that we do not like."

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. SMITH of Virginia. Mr. Speaker, I yield 1 additional minute to the gentleman from Texas.

Mr. PATMAN. The major question is stopping inflation and keeping down the high cost of living. Here is where we are inflationary. We tell the President to hold the line. What does it take? It takes an O. P. A. with plenty of money. This Congress cut down the annual appropriation for O. P. A. \$25,000,000 so as to make it impossible for them to hold that line. The O. W. I. was doing a fine job of teaching the people the dangers of inflation, and this Congress voted to cut out their entire appropriation for that purpose, which absolutely nullified their efforts to teach the people of this country how the dangers of inflation might be combated. So this is a high-cost-of-living bill and an inflationary bill.

The SPEAKER. The time of the gentleman from Texas has again expired.

Mr. MICHENER. Mr. Speaker, I regret that the gentleman from Texas [Mr. PATMAN], who to my personal knowledge has made the same speech—which fact can be established by reading the RECORD—a number of times in the last 2 weeks, finds fault because some of the Members do not feel inclined to sit on the floor when he speaks and hear him reiterate the same things he has repeated so many times. I respect his views, and maybe he is right, but he should not criticize those who do not remain at all times to hear the repetition.

Mr. Speaker, I do not care to take any more time.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I shall not discuss the merits of the bill here today. I do want to explain the rule which brings it up for consideration.

I had not heard that there was any question about this being a closed or gag rule until the gentleman from Michigan spoke of it. The contrary is the fact. It is an open rule, about as liberal a rule as we could grant without violating all of the rules of the House. As a matter of

fact, neither the proponents nor the opponents of the bill ever asked for a closed rule.

This rule does just two things. It fixes the time for debate and brings the bill to the floor for consideration. That is all the rule does. When it gets here it is governed by the general rules of the House.

The only controversial thing in the bill is section 3, relating to subsidies. Those who oppose that section when they appeared before the Committee on Rules asked for a special rule that would give an opportunity to have a roll-call vote on that separate question. It is true that that question is perhaps somewhat unrelated to the rest of the bill. Some of us thought there was some merit in that contention, and the Committee on Rules did give it very careful consideration, but we reached the conclusion that the rule gives the right to a motion to recommit, and the minority or those who lose on the motion to strike out section 3 will have control of the motion to recommit.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Texas.

Mr. PATMAN. Is the gentleman stating that correctly? I know he intends to, but suppose the motion loses, would not one on the majority side have the right to make that motion to recommit, not one in the minority on the question to be decided? In other words, one on the minority side would be entitled to first recognition and could just make a regular motion to recommit—anything to dodge the issue—and we would not have a chance.

Mr. SMITH of Virginia. I think the minority is entitled to the motion to recommit, but that is the only question in dispute on the bill, and I am not going to assume that the minority will not act in good faith. Of course, if the motion to strike out section 3 prevails, then under the general rules of the House there can be a separate roll-call vote on the bill.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Michigan.

Mr. WOLCOTT. I assume that if the rule is adopted I shall have the control of the time on this side of the aisle. Although I do not know that I have on my list as yet anyone who wants to speak against the bill, if there are any on this side who want to speak against the bill, if they will notify me I shall be very glad to give them time.

Mr. BOREN. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Oklahoma.

Mr. BOREN. There are gentlemen on this side of the aisle who will want to speak against the bill. I would take this exception to the remarks of the gentleman from Virginia about the controversy on the bill, that there are certainly some of us left who feel that whether or not this corporation ought to be continued at all is a controversial issue. If there is going to be a division of time on the basis of being for or against the bill, we

should like to have some assurance that we shall have time to speak.

Mr. SMITH of Virginia. Of course, the Committee on Rules has nothing to do with the division of time under this rule. The gentleman will have to take that up with the Committee on Banking and Currency. As far as our committee was advised, there was no controversy relative to the continuation of the Commodity Credit Corporation. It was not brought to our attention.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered. The resolution was agreed to.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Frazier, its legislative clerk, announced that the Senate, having proceeded to reconsider the bill (S. 514) entitled "An act for the relief of Blanche H. Karsch, administratrix of the estate of Kate E. Hamilton," returned by the President of the United States with his objections, to the Senate of the United States, in which it originated, it was

Resolved, That the said bill pass, two-thirds of the Senate having voted in the affirmative.

The message also announced that the Senate agrees to the amendments of the House to a bill and a joint resolution of the Senate of the following titles:

S. 1169. An act for the relief of Samuel Margolin; and

S. J. Res. 47. Joint resolution providing for the appointment of a National Agricultural Jefferson Bicentenary Committee to carry out under the general direction of the United States Commission for the Celebration of the Two Hundredth Anniversary of the Birth of Thomas Jefferson appropriate exercises and activities in recognition of the services and contributions of Thomas Jefferson to the farmers and the agriculture of the Nation.

ESTATE OF KATE E. HAMILTON (H. DOC. NO. 359)

The SPEAKER laid before the House the following message from the President of the United States, which was read:

To the Senate:

I return herewith, without my approval, S. 514, entitled "an act for the relief of Blanche H. Karsch, administratrix of the estate of Kate E. Hamilton."

This bill authorizes and directs the payment by the Secretary of the Treasury to Blanche H. Karsch, administratrix of the estate of Kate E. Hamilton, the sum of \$7,025.60, together with interest on such sum at the rate of 6 percent per annum from November 23, 1939, until the date of payment by the Secretary in full satisfaction of the claim of such estate against the United States for refund of the taxes erroneously paid.

Mrs. Kate E. Hamilton died intestate in Memphis, Tenn., on December 1, 1930. On December 31, 1931, Mrs. Blanche H. Karsch paid an estate tax with interest of \$26,017.15, and on January 24, 1933, paid an additional tax, with interest, amounting to \$1,400.40. Litigation involving the estate was not complete until 1939.

Mrs. Karsch filed a claim for refund on November 25, 1939, which was rejected on

December 15, 1939, by virtue of section 319 (b) of title III—estate tax—of the Revenue Act of 1926 which provides as follows:

All claims for the refunding of the tax imposed by this title alleged to have been erroneously or illegally assessed or collected must be presented to the Commissioner within 3 years next after the payment of such tax.

It appears that the court proceedings were instituted prior to the expiration of the date for filing claims for refund and that a timely claim to protect the interest of the estate could properly have been filed.

Congress has determined that it is sound policy to include in all the revenue acts statutes of limitations, by the operation of which, after a certain period of time, it becomes impossible for the Government to collect additional taxes or for the taxpayer to obtain a refund of an overpayment of taxes. This bill selects a single taxpayer for special treatment by excepting her from this policy. The whole body of Federal taxpayers is thus discriminated against, and a precedent is established, opening the door to relief in all cases in which the statute operates to the prejudice of a particular taxpayer, while leaving the door closed to the Government in those cases in which the statute operates to the disadvantage of the Government.

I know of no circumstances which would justify the exception made by S. 514 to the long-continued policy of Congress, and do not believe that the field of special legislation should be opened to relieve special classes of taxpayers from the consequences of their failure to file claims within the period fixed by law.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, October 28, 1943.

The SPEAKER. The objections of the President will be spread upon the Journal.

Mr. McGEHEE. Mr. Speaker, I move that the bill and the President's message be referred to the Committee on Claims and ordered printed.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Mississippi.

The motion was agreed to.

CONTINUING COMMODITY CREDIT CORPORATION

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 3477) to continue the Commodity Credit Corporation as an agency of the United States, to revise the basis of annual appraisal of its assets, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 3477, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. STEAGALL].

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question on the matter of procedure, not on the bill?

Mr. STEAGALL. Yes.

Mr. PATMAN. There are at least 10 or 11 Democrats on the committee who are against section 3 of the bill and we understand that some Republicans are against it. Since there are 2 days of debate under the rule, and the House is to meet tomorrow at 11 o'clock, will the gentleman allow us who are against section 3 some definite time for debate today?

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BROWN of Georgia. There are also about eight Democrats on the committee who are in favor of the bill, and we will want some time also.

Mr. STEAGALL. I think that the casting up of the vote on this bill at this time is rather immature. I am not in a position to say how people are going to vote.

Mr. PATMAN. If we are going to get any time, we would like to know now, and if we are not, we would like to know it.

Mr. STEAGALL. Of course, the gentleman will get time. Let me say this. The rule provides for 2 days of general debate, and incidentally I will say that I requested that much time be allowed. I did so in deference to the wishes of the minority members of the committee, and I speak of the minority with reference to the matter in controversy in this legislation. It is not my thought that such an amount of time is necessary, but I was glad to meet the wishes of my friend from Texas. The rule provides for 2 days of debate as I say. I do not know under the language of the rule how either myself or the gentleman could at this moment undertake to divide this time on the basis of hours, because I do not know whether the debate will end tomorrow under the rule or whether further time will be allowed on Monday. I say this to the gentleman, that I have not yet allocated any time, but of course I expect to give the gentleman from Texas ample time.

Mr. PATMAN. Assuming that we will have debate for 3 hours—

Mr. STEAGALL. The gentleman means today?

Mr. PATMAN. Yes. At least the gentleman could give us 1 hour or 1 hour and a half today.

Mr. STEAGALL. Very well. I want to be just a little more considerate of the minority in this matter than I am of the majority, and I shall now yield 1 hour to be used by—shall we say—the gentleman's side of this controversy this afternoon.

Mr. PATMAN. If the debate goes that long—3 hours.

Mr. STEAGALL. I do not know how long the committee will run, but the gentleman will get his hour.

Mr. HOFFMAN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. HOFFMAN. I want to know when the gentleman is going to give the gentleman from Texas time. We would like to know so that we may be present here to hear him. I am making that request so that I might be here when he speaks. I do not want that to be misunderstood.

Mr. STEAGALL. I appreciate the facetious remark of the gentleman from Michigan. Of course we are all delighted to hear the gentleman from Texas [Mr. PATMAN] whenever we have a chance.

The CHAIRMAN. Did the gentleman from Alabama state how much time he desires to consume?

Mr. STEAGALL. Mr. Chairman, I shall use 15 minutes.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama for 15 minutes.

Mr. STEAGALL. Mr. Chairman, this matter has been discussed so frequently and so fully and on so many occasions that it is difficult to discuss it if one desires to avoid repetition. So I do not intend to tax the patience of the House very long. First, that section 1 of the bill was supported by a unanimous vote of the Committee on Banking and Currency. It has interdepartmental approval and, so far as I know, there is no objection whatever to it. It simply makes a minor change in the manner of making up the annual appraisal and accounting of the Commodity Credit Corporation. It seems more appropriate for the appraisal to be made on June 30 each year, since that is the closing date of the fiscal year. The new basis for appraisal provided by this section is cost at the time of appraisal, or the average market prices during the last month of the fiscal year, whichever is lower, rather than cost plus a year's carrying charges, or the average market price for 12 months, whichever is the lower.

Section 2 of the bill would establish a method of accounting of the activities of the Corporation, to be conducted by the General Accounting Office, and extends the life of the Commodity Credit Corporation as an agency of the Government to June 30, 1945. This provision, as in the case of section 1, was not controversial in the committee and, so far as I know, has incurred no opposition anywhere.

Section 4 of the bill, as far as the Committee on Banking and Currency is concerned, is unopposed and the report as to that provision of the bill was unanimous. So that we have only one matter in controversy in this measure. It will be remembered that Congress was asked in 1941 to pass a price-control bill, which we were told was necessary to prevent a run-away inflation during the period of the war. Let me remind the Members of the House that the first proposal submitted to us would have given unlimited authority to the Price Administrator provided for in the bill to fix prices upon all commodities in the United States at his own sweet will. I will say that under that proposal he would have been given the power to fix the price of cotton at 5 cents a pound, of wheat at 25 cents, or corn at 30 cents, if he had seen fit. Meantime the bill embodied a specific

provision exempting wages and salaries from its operation.

I notified the Administrator at that time that I would not support or sponsor any such proposal. We were then handed a bill placing a limitation upon his power to control prices of agricultural commodities to the effect that no ceiling might be imposed at less than parity. I made known, as I think everybody understands who has the slightest grasp of the matter, that if we were to fix a price at parity it could not be sustained at that figure for the reason that all transactions, speculations on the board, and what not would have to be conducted inside that limit, and, therefore, you could not sustain such a price. I further insisted—and do not think I did not have to insist—that I would not sponsor the bill without a further safeguarding provision to the effect that no ceiling might be established on any article processed from any agricultural commodity that would not protect the price reflected to the producer. And do not think it was not bitterly opposed. I had to talk plainly with the young lawyer who represented the O. P. A. at that time and who has since entered the service of his country. I had to tell him that he would never be able to blindfold any member of our committee by simply offering a parity provision without the addition of a safeguard covering articles processed from agricultural commodities. I wrote with my own hand what I thought was a common-sense provision that would assure something approaching fair treatment to agriculture, because it was evident, when once the Administrator and his lawyer brought to us a bill to confer unlimited power for control of the prices of farm commodities containing a specific exemption of wages and salaries, nobody could ever have been misled as to what was in their minds or what their real intentions were. So I wrote in a provision that no ceiling on agricultural commodity or on any article processed from any agricultural commodity could be imposed at less than 110 percent of parity.

Of course, that provision would not have afforded fair comparative treatment for agriculture, but it was at least a step in that direction. I was assured that the provision would be accepted. It seems this was forgotten a little later when the matter was taken to the Senate committee and where a contrary insistence was made. This provision was adopted by the Committee on Banking and Currency of the Senate, by the Senate, and finally incorporated in the act. The Members of the House are familiar with what later happened with respect to the 110-percent-parity provision of that act. It is enough to say that Congress was notified that that provision had to be repealed by legislative act or that it would be done otherwise, else our national economy would be disrupted and the war program imperiled if that provision of the act were not repealed. Well, like good soldiers, we went along and repealed that provision of the original Price Control Act. And what happened? We gave the power to fix controls at parity on any agricultural commodity produced in the country. What happened?

According to the last account I had of it a few days ago, the average price of farm commodities in this country was nearing 20 percent above the parity level which they were authorized to establish under the provisions of the last so-called Price Control Act. Yet, the Republic still lives, thank God, and we have not lost the war.

But, of course, Congress is to blame for anything that goes wrong. When they handed us the second bill, which we had been told was to be another price-control bill, to strike out the 110-percent parity limitation, we were presented with a different measure entirely, giving blanket authority carrying the power of life and death over our national economy. And the word "inflation" was not in the bill, and it is not in the law now, except where I wrote it into the title with my own hand.

After all, I wonder how many people in this country who talk and read about inflation every day have the slightest understanding of what they are talking about, or what they are reading. If there is any word in the English language that has been overworked in recent days it is that word.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Mr. Chairman, I yield.

Miss SUMNER of Illinois. The gentleman recalls that Leon Henderson and Mrs. Roosevelt and the rest of them took the radio and told the people that if the bill were passed putting a ceiling on wages, it would be against the Constitution and would be human bondage, and then they came in and asked for a bill to put on an amendment of the same nature.

Mr. STEAGALL. Well, that is getting a little ahead of me, but I will say to the lady from Illinois that the Record justifies her statement of facts.

This matter of inflation has been talked about a great deal here. Do you know who were the pioneers in this country in the matter of stabilization legislation? I want to tell you. In 1932 this House passed a stabilization bill. It had the support of the leading economists of the country. It passed the House with only 60 votes against it, as I remember. My good friend from Texas [Mr. PATMAN] and I were in that fight. I want to tell you that the farm organizations of the United States were the pioneers whose support brought about the passage of that bill in this House.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. STEAGALL] has expired.

Mr. STEAGALL. Mr. Chairman, I yield myself 10 additional minutes.

The leading farm organizations of the United States supported the first price control bill. I do not think I would be in error if I said we could not have passed it without their support. They are not for inflation. We did not have inflation then and we do not have any inflation now that need disturb anybody.

We all agree that the 1926 price level was a fair basis upon which to stabilize. That is what we provided in the bill that passed this House in 1932. It directed the Secretary of the Treasury and the

Federal Reserve System to use all their vast powers to restore the 1926 price level and stabilize there. The price level only a few days ago reached the 1926 level, and it is now only a point or two above it, as I recall.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. BROWN of Georgia. The gentleman from Texas [Mr. PATMAN] stated that the bill did not carry any funds for the further operation of the Commodity Credit Corporation.

Mr. STEAGALL. That is correct.

Mr. BROWN of Georgia. Will the gentleman explain why it does not?

Mr. STEAGALL. I will. I do not remember that there was any proposal in the committee to increase it. Of course, those of us who are concerned about preserving the Commodity Credit Corporation and keeping it in the channel for which it was intended and to render the service for which it was established are at least as much concerned as anybody else about its successful operation. We would, of course, have provided additional funds if it had been necessary. The only reason we did not provide additional funds was that there was no showing to justify it. We provided \$350,000,000 additional in the bill which was passed just after the veto when we extended the Commodity Credit Corporation until the 1st of January, 1944, and it was not insisted that it was needed. The truth is Dr. Hutson did not insist that they needed any more money and, of course, if they had we would have given it to them. I notice the Senate bill has provided for \$250,000,000 additional money. If they show any need for it, of course we would all agree, but that is not a matter in controversy. The minute they show a need for money to carry out any legitimate function it will be immediately authorized.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I think for those who are not members of the committee the RECORD should further show that Dr. Hutson told the committee that, due to the Commodity Credit Corporation's having liquidated some of its inventories, they did not need any additional funds at this time.

Mr. STEAGALL. I was not aware that he made the statement to the committee, and I hesitated to quote him, because I do remember that he made that statement to me in private conversation. In view of the gentleman's statement, I do not hesitate to quote what he said in a private conversation. There is no trouble about money. But why give them more than they need?

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. O'CONNOR. The gentleman spoke about inflation. Does the gentleman think there is anything inflationary about a price of \$1.59 for wheat in Chicago and 90 cents for corn in Chicago, bearing in mind the distance corn has to be shipped from west coast States, Montana, or even the east coast, to the city of Chicago?

Mr. STEAGALL. I have already indicated what I think about the situation with respect to inflation. Now, about this matter of subsidies, it is a long story, and I am not going to talk at great length. It is as simple as first arithmetic in a graded school that if you pay a part of a man's debt or pay a part of his living expenses, no matter what it is, you have put into your money supply that additional sum, no matter where it comes from; and, of course, any sum added to the billions that now exist with their inflationary pressure upon prices is in its nature inherently inflationary. There can be no denial of that proposition.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. WRIGHT. If we could be assured that if prices went up wages would remain stationary I would be inclined to agree with the gentleman, but I think any person with a realistic approach at the present time realizes that growing pressure for an increase in wages results in an increase in prices and that an increase in prices necessarily will cause an increase in wages and there you have inflation that much more.

Mr. STEAGALL. The gentleman does not mean to say that we have not had increases in wages already, does he?

Mr. WRIGHT. To a certain extent we have.

Mr. STEAGALL. He does not mean to say we have not had an increase in wages under the law as it exists while we are paying subsidies.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield further?

Mr. STEAGALL. Yes; I yield further to the gentleman.

Mr. WRIGHT. To a certain extent we have had increases in wages.

Mr. STEAGALL. That is what I am asking the gentleman, if we have not had increases in wages? And let me say to the gentleman that when we wrote the Little Steel formula into the second act there were many—I do not have the number—but many instances where labor was receiving a wage below the Little Steel formula. Is not that correct?

Mr. WRIGHT. I think that is correct.

Mr. STEAGALL. That is correct. Could we have justified establishing the Little Steel formula and have limited it to a portion of labor and denied others the benefit of it? Would it have been fair to have picked out some of those who by strikes or other means forced increases and left the others out? At the time we wrote that Little Steel formula into law we invited everybody below it to demand increases to equal the Little Steel formula, and it was inflationary in the amount of many millions. The Little Steel formula was highly inflationary, and it cannot be denied.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield further?

Mr. STEAGALL. I yield.

Mr. WRIGHT. It is true, is it not, that under our present economic set-up of wages and prices there cannot be an increase in price without an increase in wages?

Mr. STEAGALL. No; I deny that entirely.

Mr. WRIGHT. Is not the Little Steel formula conditioned upon the fact that there had been a 15-percent increase in the cost of living as of September last year? Now we have an increase above it and wages have lagged behind prices.

Mr. STEAGALL. We adopted the Little Steel formula arbitrarily. I have some figures that will show how they are hooked together.

Mr. PATMAN. Mr. Chairman, if the gentleman will yield, the gentleman is mistaken. The Little Steel formula was not written into law; that was a Labor Board decision, was it not?

Mr. STEAGALL. That is the standard we set up in the law.

Mr. PATMAN. It is a part of the War Labor Board's decision, I think the gentleman will find.

Mr. STEAGALL. I have something here that will be interesting right in that connection. The fact is there is not anything more ridiculous than to charge the farmer with responsibility for inflation when he receives less than one-tenth of the national income, an enormous national income that will run to perhaps \$150,000,000,000 during the present year. Let me say to my friend from Texas that since the passage of the Stabilization Act wages of industrial workers have increased 15 percent, while the cost of living has increased only 4 percent.

Mr. CRAWFORD. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Michigan.

Mr. CRAWFORD. If I understood the gentleman, who is now speaking correctly, a few moments ago, he gave us facts to the effect that for several years we have spent many billions of dollars in an effort to reflate prices back to the 1926 level.

Mr. STEAGALL. The President in a speech soon after he was inaugurated said that he was not going to stop until we reached the 1926 price level, but we did not reach it.

Mr. CRAWFORD. When we came along with the 1941 proposal and the 15 percent that has been referred to, we go far back into the period before we reached the 1926 level?

Mr. STEAGALL. Oh, yes; that is true.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEAGALL. Mr. Chairman, I yield myself 10 additional minutes.

Mr. CRAWFORD. The gentleman has pointed out to us very recently that we have reached the 1926 level. What sense would there be, for instance, in our going back below the price level of 1926 after spending billions of dollars in an effort to reflate to that point?

Mr. STEAGALL. We have had a leadership in financial circles in this country who have been lying awake at night and disturbing their souls over the danger of inflation year in and year out and they have been filling the press and speaking over the radio trying to alarm the public about it when 10,000,000 people were walking the streets of the country unable to find employment and farmers by the thousands were being turned out of their homes under

bankruptcy foreclosure. Prices were at destructive levels and the country was in a condition of danger that we do not like to speak of even at this late date.

Mr. O'CONNOR. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Montana.

Mr. O'CONNOR. Is it not true that the price of farm products before they leave the farm is scarcely more than the cost of production and if there is inflation with reference to farm products it happens after they get into the hands of the distributor?

Mr. STEAGALL. Oh, yes. I would like to talk a long time about that. We tried to include the cost of labor into the last act, but they have never followed it.

Mr. O'CONNOR. Is not the statement I made true that if inflation occurs with reference to farm products it occurs after they leave the farmer's place?

Mr. STEAGALL. That is what I am going to show you right now in reply to my good friend from Pennsylvania. Let me show you what has happened. You talk about farm prices and wages being yoked together. I will put these figures in the Record and some more. I cannot use them all this afternoon. But here is what the figures show:

Using the 1939 figures, beginning January 1940 at 100, the retail food prices were 95, in relation to 100, labor cost per unit of industrial production 97.5, factory pay rolls for employed workers 110. Mind you, this is in 1940, and do not forget that during the time between the passage of the first act and the last act wages had been rising by leaps and bounds during all those months without real interference.

Here they are on the 1st of January 1940, with the cost of living at 100: Factory pay rolls 110.2.

I will not give you all these figures. Let us come on down to December 1940. Cost of living 101, retail food prices 97, labor cost per unit of industrial production 103.6—from 97.5.

Coming on down to January 1941, cost of living 101, retail food prices 98, labor cost per unit of industrial production 105. I am not giving all of these. I will put them in the Record.

In December 1941, cost of living 110, retail food prices 113, labor cost per unit of industrial production 124.6.

In January 1942, cost of living 112, retail prices 116, labor cost per unit of industrial production 125.1. They cannot catch up.

December 1942, cost of living 120, retail food prices 133, labor cost per unit of industrial production 155.3.

January 1943, cost of living 121, retail food prices 133, labor cost per unit of industrial production 155.9.

August 1943, cost of living 123, retail food prices 137, labor costs per unit of industrial production 165. The figures show they have never been yoked together. What is the fact? The fact is your increase in the cost of living and the increase in the price of farm products follow increases in wages, they trail the increases of wages all the time, and they have never caught up.

Mr. MONRONEY. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. I would appreciate the chairman of the Committee on Banking and Currency telling us how he arrived at the labor cost per unit of industrial production.

Mr. STEAGALL. These are figures of the Bureau of Labor Statistics of the Department of Labor and are certainly as authentic and as carefully prepared and as worthy of consideration as any that were submitted to our committee in connection with this legislation and I may say they were submitted by one of the best informed men who has ever appeared before our committee. You can answer this in any way you see fit, because you will have it in the Record in the morning. Right here I wish to insert tables supplied by another witness who appeared before the committee who was also most informative, to which I invite attention and which I wish to give opportunity to refute or explain:

Percentage increase in average weekly earnings of workers in all manufacturing industries and in the cost of living since September 1942¹

Year and month	Weekly earnings	Cost of living
1942:		
September.....	0	0
October.....	2.9	1.0
November.....	5.2	1.7
December.....	6.5	2.2
1943:		
January.....	7.5	2.5
February.....	8.8	2.7
March.....	10.4	4.2
April.....	12.4	5.3
May.....	14.0	6.2
June.....	14.7	5.9
July.....	13.1	5.1
August.....	14.9	4.6

¹ Calculated from data compiled by the U. S. Department of Labor, and published in the October 1943 issue of the Survey of Current Business, U. S. Department of Commerce.

The "hold the line" order was intended to stabilize the cost of living and wages as of September 15, 1942. Between September 1942 and August 1943, the average weekly earnings of factory workers in manufacturing industries increased 14.9 percent. During this same period, the cost of living increased 4.6 percent.

Percentage increase in average weekly earnings of industrial workers and in the cost of living since January 1941¹

Month	1941		1942		1943	
	Weekly earnings	Cost of living	Weekly earnings	Cost of living	Weekly earnings	Cost of living
January.....	0	0	22.4	11.1	42.3	19.7
February.....	2.6	0	22.6	12.0	43.3	20.0
March.....	3.9	0.4	24.6	13.4	44.7	21.8
April.....	4.2	1.4	26.4	14.2	47.1	23.1
May.....	8.2	2.1	27.4	15.1	50.0	24.1
June.....	11.9	3.8	28.1	15.5	50.8	23.8
July.....	10.1	4.5	30.0	16.1	50.6	22.8
August.....	11.4	5.4	33.5	16.6	-----	22.2
September.....	14.7	7.2	36.5	16.9	-----	-----
October.....	16.5	8.4	37.5	18.1	-----	-----
November.....	16.8	9.3	38.8	18.8	-----	-----
December.....	17.9	9.6	40.4	19.4	-----	-----

¹ Calculated from data compiled by the Industrial Conference Board, and published in the Survey of Current Business, U. S. Department of Commerce.

The Little Steel formula allowed for an increase in wages of 15 percent in order to take

care of the rise in the cost of living between January 1, 1941, and September 15, 1942. Actually, during this period the average weekly earnings of industrial workers increased nearly 37 percent, compared with an increase of about 17 percent in the cost of living. In July 1943, weekly earnings of industrial workers were 51 percent above the January 1941 level, compared with a 23-percent increase in the cost of living.

Comparison of the real wages of industrial workers with the pre-war average

[1935-39=100]

Year and month	Wage income per employed industrial worker	Cost of living	Real wages
1935-39 average..	100.0	100.0	100.0
1941: January.....	118.7	100.8	117.8
1942:			
January.....	145.6	112.0	130.0
September.....	167.3	117.8	142.0
1943:			
January.....	173.4	120.7	143.7
February.....	177.2	121.0	146.4
March.....	181.1	122.8	147.5
April.....	184.1	124.1	148.3
May.....	186.2	125.1	148.8
June.....	185.5	124.8	148.6
July.....	186.8	123.8	150.9
August ¹	190.8	123.2	154.9

¹ Preliminary.

Data compiled by the Bureau of Agricultural Economics. Cost of living index compiled by the Bureau of Labor Statistics. "Real wages" is wage income divided by the cost of living and represents the purchasing power of wages.

In August 1943 the wage income per employed industrial worker was nearly 91 percent above the pre-war (1935-39) average. The cost of living was about 23 percent higher, making an increase in real wages of 55 percent.

The data following take into account the fact that many consumers are buying more and better quality foods, eating at restaurants more frequently, and the like, than they did when their incomes were lower.

Expenditures of consumers for food expressed as a percent of total income, 1929-43

Year and food expenditures as a percent of total income:	
1929.....	23
1930.....	24
1931.....	24
1932.....	25
1933.....	25
1934.....	24
1935.....	23
1936.....	21
1937.....	21
1938.....	22
1939.....	21
1940.....	21
1941.....	20
1942.....	21
1943 ¹	20

¹ Data for July 1943.

Source: United States Department of Agriculture, Bureau of Agricultural Economics, The Marketing and Transportation Situation, August 1943, page 12; May-June 1943, page 3.

Expenditures for food in relation to consumer's income are lower today than they were before the war. In July 1943, only 20 percent of the average consumer's income was required to purchase food, compared with 21 to 22 percent in the pre-war years and 25 percent during the depression of 1932-33. If consumers were now buying the same quantity of food as they did during the pre-war years of 1935-39, their expenditures for food would amount to only 16 percent of their incomes.

The data following are based upon the assumption that consumers had not changed

their buying habits and were purchasing the same quantities of food as they did during the pre-war period of 1935-39.

Percent of total consumer income required to purchase the same quantity of food as consumed in the pre-war period of 1935 to 1939

Year and percent cost of fixed quantities of food is of total income:

1913.....	28
1914.....	30
1915.....	26
1916.....	24
1917.....	31
1918.....	31
1919.....	33
1920.....	32
1921.....	28
1922.....	26
1923.....	24
1924.....	23
1925.....	24
1926.....	24
1927.....	23
1928.....	23
1929.....	22
1930.....	23
1931.....	22
1932.....	24
1933.....	25
1934.....	25
1935.....	25
1936.....	22
1937.....	21
1938.....	21
1939.....	20
1940.....	18
1941.....	17
1942.....	17
1943 ¹	16

¹ Data for July 1943.

Source: U. S. Department of Agriculture, Bureau of Agricultural Economics, The Marketing and Transportation Situation, August 1943, p. 12; May-June 1943, p. 3.

Food in terms of consumer incomes and pre-war consumption habits is cheaper today than any time in the last 30 years. If consumers purchased the same quantities of food today as they did during 1935-39, only 16 percent of their income would be required for food expenditures, compared with 20 percent in 1939, 25 percent in 1933, and 33 percent in 1919. Actually, higher incomes have resulted in many consumers buying more and better food, eating more meals at restaurants, and the like, than in pre-war years. Consequently consumers are now spending around 20 percent of their income for food.

Increase in average weekly earnings of industrial workers compared with the increase in food cost for a family of 4, January 1941 to July 1943 (based upon the assumption that there is only 1 wage earner in a family of 4)

	Average weekly earnings of industrial workers ¹	Estimated food expenditures per week for a family of 4 ²	
		Total amount spent for food, including meals at restaurants and the like	Assuming the same quantity of food was purchased as in the pre-war years 1935-39
January 1941.....	\$30.61	\$10.08	\$8.76
September 1942.....	41.79	13.68	11.16
July 1943.....	46.10	16.32	12.60
Increase January 1941 to July 1943.....	15.49	6.24	3.84

¹ Compiled by the National Industrial Conference Board and published in the Survey of Current Business, U. S. Department of Commerce.

² Estimated from data published in the Marketing and Transportation Situation, September-October 1943, table 6, p. 21. The figures for January 1941 were estimated on the basis of the data reported for 1940 and 1941.

The average weekly earnings of industrial workers increased \$15.49 between January 1941 and July 1943. During this same period a very liberal estimate placed the increase in the weekly food expenditure for a family of four at \$6.24. Assuming that there is only one wage earner in a family of four, the increase in earnings has been much greater than the increase in food expenditures. If the worker purchased the same quantity of food as in the pre-war years, food cost for a family of four would have advanced \$3.84 per week, compared with an increase of \$15.49 in weekly earnings. Part of the increase in food costs has been due to many families purchasing more and better quality food than when incomes were lower.

Estimated effect of subsidies upon the daily food costs for a family of 4 persons

Product	Amount of subsidy per unit ¹	Estimated annual civilian consumption per capita for 1943 ²	Effect on daily food cost for a family of 4 ³
Butter.....	5 cents per pound.	13.0 pounds.	0.71
Cheese.....	4 cents per pound.	4.9 pounds.	.22
Milk.....	1 cent per quart.	180.5 quarts.	1.98
Meat.....	3 cents per pound.	124 pounds.	4.08
Bread.....	1 cent per loaf.	92.5 loaves.	1.01
Sugar.....	1 cent per pound.	75 pounds.	.82
Vegetables.....	3.5 cents per No. 2 can.	19.2 No. 2 cans.	.74
Potatoes.....	1 cent per pound.	131 pounds.	1.44
Amount per day for a family of 4.....			11.00
Amount per day per individual.....			2.75

¹ Based upon or calculated from information released by the Office of Economic Stabilization.

² Based upon data published by the Bureau of Agricultural Economics, U. S. Department of Agriculture.

³ Calculated by multiplying the amount of the subsidy by the annual per capita consumption, then multiplying by 4 and dividing by 365.

The food subsidy program as now being applied by the Government amounts to about 11 cents per day for a family of four persons, or 2 3/4 cents per day per individual. Butter subsidies of 5 cents a pound amount to about 65 cents per year per person. A bread subsidy of 1 cent per loaf would amount to less than \$1 per year per person. The present consumer subsidy program amounts to around \$10 per year per person.

Disposition of income payments to individuals in the United States, 1939-44

	[Millions of dollars]					
	1939	1940	1941	1942	1943 ¹	1944 ¹
Income payments to individuals.....	70.8	76.5	92.2	115.5	142	157
Less: Personal taxes and nontax payments.....	3.1	3.3	4.0	6.6	16	20
Amount left for consumers to spend.....	67.7	73.2	88.2	108.9	126	137
Consumer expenditures.....	61.7	65.7	74.6	82.0	90	90
Unspent funds or savings of individuals and inflationary gap.....	6.0	7.5	13.6	26.9	36	47

¹ Last half of 1943 estimated. The 1944 figures taken from a speech by Judge Vinson before the Investment Bankers Association, Chicago, Ill., November 1943.

Source: Survey of Current Business, U. S. Department of Commerce.

Total income payments to individuals in 1943 were estimated at \$142,000,000,000, compared with \$71,000,000,000 in 1939. After allowance is made for taxes and the greatly increased consumer expenditures, \$36,000,000,000 of the 1943 income will remain in the hands of consumers as unspent funds or savings, compared with only \$6,000,000,000 in 1939. A national income of \$157,000,000,000 is estimated for 1944, with \$47,000,000,000 remaining in the hands of consumers as unspent funds or savings. Herein lies the inflationary gap—more money to spend for less goods. This gap has been widening each year since the beginning of the war and has a cumulative effect from year to year that becomes a more important inflationary factor each day the war progresses. This excess buying power is showing up in many ways. The sale of furs in 1943 was 104 percent above the corresponding period of 1942. The sale of coats and suits increased 65 percent, and the sale of flowers was 30 percent above a year earlier.

Cost of the war program to the U. S. Government (cumulative totals)¹

[Billions of dollars]			
Year and month	Program ²	Commitments ³	Cash expenditures ³
1940:			
July.....	9.4	4.0	0.2
December.....	21.4	14.5	1.9
1941:			
June.....	38.1	29.2	6.7
December.....	77.7	52.8	15.8
1942:			
June.....	175.6	133.9	34.9
December.....	237.9	183.8	68.2
1943:			
June.....	275.8	223.5	110.0
July.....	339.9	230.3	116.8
August.....	339.7		124.3

¹ Survey of Current Business, June 1943, p. 29, and October 1943, p. 8-18 U. S. Department of Commerce.

² The war program includes the money appropriated by Congress. Commitments include contracts awarded and the like. Cash expenditures are the amount of disbursements by the United States Treasury.

World War No. 1 cost the United States around \$32,000,000,000. By August 1943 the Congress of the United States had appropriated nearly \$340,000,000,000 for the prosecution of World War No. 2. Commitments, which are made up largely of contracts awarded and the like, totaled around \$230,000,000,000. The actual cash paid out by the United States Treasury for war purposes amounted to over \$124,000,000,000.

Per capita share of the national debt, World War No. 1 and World War No. 2 as of Oct. 31, 1943

	Total national debt	National debt per capita
	Billions of dollars	Dollars
World War No. 1:		
Pre-World War No. 1 debt (Mar. 31, 1917).....	1.3	12
Highest World War No. 1 debt (Aug. 31, 1919).....	26.6	250
Lowest Post-World War No. 1 debt (Dec. 31, 1930).....	16.0	130
World War No. 2:		
Pre-World War No. 2 debt (Nov. 30, 1941).....	55.0	412
World War No. 2 debt 1 year ago (Oct. 31, 1942).....	92.9	686
World War No. 2 debt 1 month ago (Sept. 30, 1943).....	158.3	1,156
Present World War No. 2 debt (Oct. 31, 1943).....	165.0	1,204

¹ Does not include guaranteed obligations of the Government agencies, which amounted to 4.1 billion dollars.

Source: The Chicago Journal of Commerce, Nov. 4, 1943.

The national debt per capita on October 31, 1943, amounted to nearly \$1,204, or an average of \$4,816 for a family of four. During the month of October 1943 the per capita national debt increased approximately \$48, while the increase for the year ending October 31, 1943, amounted to about \$517. The highest peak the national debt reached during World War No. 1 was about \$250 per capita, or \$954 less than the present debt burden.

Mr. DONDERO. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Michigan.

Mr. DONDERO. I was interested in the statement regarding the price of hogs. In spite of a floor being placed under the price of hogs, guaranteed to the farmer, the price went below that recently because of the large supply. The natural law of supply and demand does have something to do with prices, does it?

Mr. STEAGALL. I do not know about that. I cannot answer the gentleman as to the specific item. My head is swimming these days. But at last accounts the law of supply and demand was still doing business at the same old stand. Of course, a child knows when you want to get increased production, the more you pay for it the more you get and the easier it is to get. Let no one say that the farmer is undertaking to raise prices and turn on a flood of wild inflation to imperil the war program. Nobody favors anything like that. The farmer only asks a fair deal and a price that no one denies is fair and just. The truth is this unnecessary interference with the law of supply and demand, this meddlesome and impractical method of administering the law has confused the people of the country. They do not know where they are. They encounter so many regulations, so many senseless rules, and so many indefensible methods of enforcement, that we face a storm of complaint and criticism to the extent that no Member of Congress can read his mail or keep track of all that is going on.

Let me say this. I had some responsibility in the passage of the Price Control Act. I thought it was necessary. I think some good has been done and I think they have rendered a good service to a certain extent. But I cannot say that I endorse the methods employed in the administration of the act, and, to be perfectly frank about it, I do not for a moment endorse the viewpoint or the philosophy of the controlling minds directing the administration of the O. P. A. Act.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I do not want to take much more time. I would like to yield, but I am anxious to conclude.

Mr. MARCANTONIO. I just want to get a clarifying statement from the gentleman.

Mr. STEAGALL. I have taken more time than I should have, anyway.

I do not like to have to differ with my good friends, I do not like to have to differ from some of those who are advisors of our administration in these matters, but boys I have been back home. Please do not understand that I have reached the

age where I should be giving counsel so much. The Bible says old men for counsel. I do not want to be classed in that category, but if I were going to advise, I would advise some of my friends to steal away for a few days and go home and talk with their neighbors and friends and discuss these things. Or if you will just come over to my office and read a lot of the mail I cannot find time to read, I think it would be informative, and it might not serve a bad purpose in 1944. Of course, as for myself, I am innocent of politics.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I yield myself 5 additional minutes.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to my good friend from New York.

Mr. BARRY. Back in the days when there were great farm surpluses and the farmer could not get any price for his product, did not the gentleman from Alabama, when he voted for parity payments, vote against the law of supply and demand?

Mr. STEAGALL. Let me ask the gentleman something.

Mr. BARRY. Answer me first; do not ask me a question.

Mr. STEAGALL. I want to ask the gentleman a question. If there was a law ever passed by the Congress to guarantee farmers a parity price, I would like to find it.

Mr. BARRY. They guarantee 85 percent of the parity price.

Mr. STEAGALL. No.

Mr. BARRY. And they guarantee a support price right now.

Mr. STEAGALL. No; but the gentleman said parity. We went along here for years with farmers by the thousands thrown into bankruptcy. Agriculture became a national problem. We knew the dangers of those days, we were alarmed, and as a relief measure we passed an act providing for loans up to a certain percent of parity. The farmers of my own section of the country got only 60 percent of parity for years on those loans.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Montana.

Mr. O'CONNOR. Is it not true that with all of the laws we have passed up to date to aid the farmer he is still not guaranteed the cost of production of the products he produces?

Mr. STEAGALL. Not only is he not guaranteed the cost but they refuse to obey a law which provides that increases in prices shall be made to cover cost of production. That is in the second Price Control Act. We put some things in that bill, you know, as we went along in the interest of agriculture. We had to do it by sleight of hand or with a sledge hammer, but we were not asleep all the time! Let me show you what we wrote into that law. This law, which saved the country from the destructive effects of the 110-percent parity provision of the first act by conferring further blanket

authority under which the general price level has been permitted to rise to nearly 120 percent of parity:

Provided further, That modifications shall be made in maximum prices established for any agricultural commodity and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, under regulations to be prescribed by the President, in any case where it appears that such modification is necessary to increase the production of such commodity for war purposes, or where by reason of increased labor or other costs to the producers of such agricultural commodity incurred since January 1, 1941, the maximum prices so established will not reflect such increased costs: *Provided further*, That in the fixing of maximum prices on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing: *Provided further*, That in fixing price maximums for agricultural commodities and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, as provided for by this act, adequate weighting shall be given to farm labor.

Let somebody tell me when that law has been obeyed or when the slightest attention has been paid to it, and it is as plain as language can make it.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman for a question.

Mr. MARCANTONIO. The gentleman mentioned the Little Steel formula in his talk. I should like to get the gentleman's position on this. Does the gentleman believe in the retention of the Little Steel formula and at the same time permitting unbridled spiraling of prices? We have to face that condition today or tomorrow. Let us have the gentleman's position on it.

Mr. STEAGALL. I do not yield to the gentleman to make a speech. I hope he may make one, but not now. Of course, all this will be fully discussed before we get through. I shall put some more pertinent figures in the Record so that Members may have an opportunity to answer them before we vote on this bill.

Let me say something to our farmer friends in this House, and I speak especially for my own section of the country. I do not believe there is anybody in this House who knows me who thinks there is any sectionalism or bitterness in my soul. I do not believe those who know me credit me with selfish partisan purposes in my views respecting this or any other economic legislation.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. STEAGALL. I shall take 5 minutes more. I am speaking more particularly of the people of the section of the country with whom I am best acquainted. I do not say this in bitterness, but we have been penalized by Government subsidies to railroads which did not carry by railroad rate discrimination any of the benefits to our people. The same is true of tariff, of patent beneficiaries and other things that siphoned away from our people and which if retained and utilized under the leadership which our section has always afforded would make our sec-

tion the garden spot of this land. For many years we contributed our part for the support of the surviving soldiers of the North. We did it cheerfully. We did it when we were not able to do any decent measure of justice to the glorious heroes of the Confederacy. We were required to pay, but we did not participate in the benefits. These things contribute some of the reasons why our land down yonder—blessed as it was of God, and no man will deny that we have had able and worthy leadership in all the years of our history—has been called the Nation's economic problem No. 1. I ask Members here what benefit our people will get from food subsidies paid out of the Treasury of the United States and that, too, at a time when the Government needs the support of every citizen as never before since our flag was first lifted in triumph on the shores of this Western World, and when the citizen has the least need for Government largess.

What benefits are our people going to receive? We are going to be required to pay out of our taxes our proportionate part of this subsidy program that will end, only God knows where. Talk about a little bit of inflation being hard to stop. Let a man get his hand into the Treasury of the United States and don't ask me to find a way to get it out. Our people and it is true with the farmers of the Nation, have been laboring under hardships, and unjust burdens, and discriminations, for more than half a century. They have been forced, in violation of sound economic laws, to abandon the production of things the world needs, which we are best adapted to produce and have been compelled to return to primitive methods and to produce our own food and live at home. What good is a food subsidy going to do to the farmers of Sand Mountain in Alabama? What good will it do to the farmers of Georgia who are forced to raise their own food? We are going to be taxed again to pay the bill but we will not be allowed to participate in the benefits.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 30 minutes. I do not think there has ever been a more fundamental question before the Congress since the War between the States than this question, the so-called question of subsidies. It presents a fundamental problem which must be solved by the Congress as representatives of patriotic American people. I think the basic problem before this Congress in connection with the subsidization of consumer prices is the perpetuity of the American form of Government.

The fundamental objection to consumer subsidies is that they socialize agriculture. Now, that is a theme which has been discussed in connection with this bill by some who are really and sincerely concerned about the trend in this country toward socialism. I merely make that opening statement so that as I talk along here, rambling, as I probably will, you may have in mind that behind my remarks there is a full real-

ization that unless we solve this problem correctly we can expect, perhaps, a socialization of agriculture. I think anyone will agree that would be more or less disastrous and might result in the destruction of the American form of Government.

I have been burdened with my thoughts about this bill, and I do not think there is any Member of Congress but who has given a great deal of study to it, and I know so far as we, who oppose consumer subsidies are concerned, there is no ill feeling. I wish it were just an academic question which we are discussing, so that we really could get "het up" about it without doing the country any harm. But we do not charge that when a proponent of consumer subsidies makes an exaggerated statement he is less patriotic than we; that he is less sincere; that he is more partisan. In the discussion of this bill in the committee in May, in June, and in the debates on the floor in July, in the discussions of the committee in respect to this particular bill over the radio and in these Halls, there has been a minimum of politics injected into this measure. I want to assure you, Mr. Chairman, that this is too big a question to be discussed in the light of partisan politics. It is too important a problem to be solved along partisan lines. There must be unanimity of purpose in this committee today, and tomorrow, and until we dispose of this question if we are to perpetuate the American form of government.

Why are we opposed to the payment of consumer subsidies? Is it from selfish motives? The argument has been made here repeatedly, the farmer gets no more and no less. He gets no more and no less whether we adopt this bill or not. I do not see how those who are in favor of subsidies can argue that way and then argue that those of us who oppose subsidies are selfish and partisan, and that there are political questions involved. It just so happens that there are many farmers and many working people, many professional people, and many business people, on both sides of this question, just as there are many Republicans and many Democrats on both sides of the question. I hope that from now on in these discussions no attempt will be made to label this a political bill, but one in which each individual Member of the Congress exercises his own judgment in the manner in which he does his duty under his oath, under his promise to his constituency, to preserve, protect, and defend the American way of life. Those are broad charges, I am sure, and should be justified. Now, the reason why, I presume, the farmer is opposed to the payment of subsidies, that is, consumer subsidies, is because it is the first step to regimentation and control, the first step, which eventuates in that farmer finding himself under the yoke of bureaucracy where free enterprise on the farm is destroyed, where the Government, through its several bureaus, tells the farmer when and what to sow, when and how much he shall reap; tells the processor what he shall process and how he shall process

it; and tells the distributor how, where, and when, and to whom, he shall distribute the products of our farms.

In other words, consumer subsidies begot control and encourage an expansion of the program. What have we seen in the last few months? We started out very moderately to roll back the prices of butter and meat. The charge was made at that time, if you will recall, the most exaggerated claim, that because the price of butter and meat had been rolled back a few cents, the price of living had been rolled back 10 percent. That is where the trouble started in respect to this question, the exaggerated claims of those who would pay roll-back subsidies to cover up the mistakes of administration, and the making of exaggerated statements that, because they had rolled back the price of butter 5 cents a pound and the price of meat less than 3 cents a pound, they had ipso facto rolled back the price of living 10 percent. Anybody who was not a fit inmate for a lunacy asylum could have seen there was something more behind the payment of consumer subsidies than an endeavor to hold any line which had been established. Behind it is the lust for power.

Subsidies beget subsidies, and if we encourage the expansion of the present program and if we do not stop the program where it is, what have they told you is going to be the next step? It is going to be, first, the purchase of the entire citrus fruit crop. Then the purchase of the entire bean crop. Then the ultimate control from producer to consumer, of all dairy products, and finally the control of the production, processing, and distribution of all foodstuffs.

Mr. Chairman, in August I came to Washington to see what was going on. We had been told in conference when the other bill was before us that there would be no expansion of the roll-back subsidy program. I found when I arrived here that they were not going to have any more roll-backs as such, but that it was their purpose, and plans had already been made, to buy the entire crop of several agricultural products at a so-called support price, and sell it back to the consuming public for a parity price or ceiling price. Of course, that would have been as effectual a way to roll back prices, as to do it directly. That was the payment of a consumer subsidy by subterfuge. While one of the departments of the Government was denying to me that that was their program, they were advising my bean men that same day they were to be the agencies through which the entire bean crop of the United States would be bought at the so-called support price and sold back to the consuming public at a lower price.

So in this bill we have provided against the consumer subsidies by subterfuge, and we have provided that all of these support price programs and subsidy programs shall stop as of December 31 of this year.

Now, it has been said on this floor repeatedly by those who have read no further, or perhaps reading further found language which did not support their

views, that we were destroying the support price program and we were destroying the loan program. Then if they were fair enough to have told you the facts about it, they would have called your attention to the fact that in that same paragraph, after we have stopped the existing programs, so that they could not pay subsidies by subterfuge, so that they could not effectuate consumer subsidies by manipulation of the support-price program, they would have told you that there is a directive, a mandate in this bill to continue to support prices; to continue to make loans under and in accordance with the terms and conditions of the law.

Therefore, in the discussion of this bill, in the solution of this problem, we have got to distinguish and have clearly in mind the distinction between producer subsidies, which are not interfered with in this bill, nothing to the contrary notwithstanding, and consumer subsidies, which we prohibit.

Mr. BARRY. Mr. Chairman, will the gentleman yield at that particular point?

Mr. WOLCOTT. No, not now.

Mr. BARRY. For a short question?

Mr. WOLCOTT. I would rather go on a little further. I know what the gentleman is going to ask.

Mr. ZIMMERMAN. Mr. Chairman, will the gentleman yield for information at that point?

Mr. WOLCOTT. I would prefer not to yield right now.

If members of the committee will refer to the report on page 5, I will read you some language to substantiate that.

The courts, in interpreting law, interpreting the legislative intent, always consider the committee report. For that reason, the committee report has made it very clear that it is not intended to in any manner interfere with existing law whereby support prices may be announced and loans may be made to support the floor under agricultural commodities.

About halfway down in the discussion of section 3, the majority report says:

Therefore this section prohibits new consumer-subsidy programs from being announced and prohibits payments on existing consumer-subsidy programs subsequent to December 31, 1943.

You will note the term "consumer subsidies" is always used to differentiate between producer subsidies.

Then the report goes on to say:

This section does not prohibit nor interfere with any operation of the Commodity Credit Corporation or any other agency of the Government with respect to producer subsidies or loans authorized under existing law, including the Emergency Price Control Act of 1942 as amended and supplemented by Public Law 729, Seventy-seventh Congress, approved October 2, 1942, and it does not prohibit or interfere with support prices or the use of Commodity Credit funds made available to the Commodity Credit Corporation by existing law, including section 4 of Public Law 147, approved July 1, 1941, as amended.

Now, let us be fair about this situation. Although we direct the War Food Administrator, the Department of Agriculture, or whoever happens to be ad-

ministering this particular part of the law, the Commodity Credit Corporation, to continue to support prices and to continue to maintain floors in accordance with the so-called Steagall amendment to the Commodity Credit Corporation Act, we do say that if it is necessary to put a support price above a parity price for the purpose of encouraging the maximum amount of production so that we will have adequate food, then and then only will the price have to be increased to absorb that particular price, because the law expressly says that the President or the Administrator of O. P. A. may set a ceiling on any agricultural commodity at parity. So he cannot set a price less than parity. We say that the price must be increased if the support price is above parity so they will no longer be able to manipulate the support price program to effectuate consumer prices and therefore we assure the farmer, we assure the producer or the processor or wherever the additional expense may be that he is to get the benefit of the support price as we really intended he should for the purpose of encouraging him to increase the production of his product. In other words we make sure that if a support price is put on a product to encourage production it is going to have its effect, the farmer is going to get it, because it was for the farmer that it was put up; it was not for the consumer.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I prefer not to yield just now.

Mr. Chairman, the payment of consumer subsidies begets subsidies. If we must adopt a new philosophy of government whereby the Treasury of the United States must pay the food bill of any part or of all of our population—I will put it that way—why do they stop there?

Mr. FORD. Mr. Chairman, will the gentleman yield at that point?

Mr. WOLCOTT. Not at that point. I will advise the gentleman when I care to yield.

Mr. Chairman, the price of clothing is going up. Have I not as much right to have a subsidy on a suit of clothes that I buy as I have on the food I eat? It is an element of the cost of living. If we succumb, if we do not answer strongly this threat to inflation by certain so-called leaders, then we must assume that if we bend the knee to them now in this particular bill, in a month or 2 months they will want a subsidy on rent; they will want a subsidy on clothing; they will want a subsidy on shoes; they will want a subsidy on luxuries; they will want a subsidy on all of the things which, in their opinion, are necessities of life; otherwise they are going to continue to hold a bludgeon over this Congress and say:

"If you do not pay our bills for us then we are going to strike, we are going to tie up the production of war machinery, we are going to stop this war for you if you do not pay our grocery bill, if you do not pay part of our cost of living"—and this, my friends, when according to the Bureau of Agricultural

Economics of the United States Department of Agriculture the total cost to consumers of fixed quantities of food making up the typical consumer food basket was smaller in relation to average consumer income in recent months than at any other time on record. If the people of the United States cannot afford to pay the cost of living at the present time with family income higher than it ever has been in the history of this Nation when in God's name can they do it? Are you going to continue this policy following this war? Adopt it today and you will continue it as a permanent philosophy of Federal Government for generations and maybe centuries to come to the prejudice of the American standard of living.

Is it inflationary? First, let me say again that consumer subsidies beget consumer subsidies. A little of it is splendid, you will like it, you will love it, you will save yourself 5 cents a pound on butter. "Ha! ha! The Government is going to pay 5 cents of my butter bill. That is splendid! That is easy money! So why should we not continue this? Why should we not expand it? Why should not the Government pay a little of my meat bill? Fine! Why should not the Government pay my bread bill? Why should not the Government pay my bean bill? Why should it not pay my milk bill, my cheese bill, my shoe bill, my rent bill, my clothing bill?"

The President can say that inflation is like a drug—you get a little dose of it and you want another. I do not know, but I have been told that that is the way it operates. It seems to me that if there is a greater danger in the country today of the drugging of the population who are gullible enough to think they are getting something for nothing, greater than in the drug which the President called inflation, it is in subsidies. Let me repeat my question: Is the payment of consumer subsidies inflationary? Will they increase the national debt? To begin with, if you subsidize the consumer's grocery bill or his clothing bill by two billions you compel him to pay—collectively, of course—back into the Federal Treasury over four billions.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 additional minutes.

The CHAIRMAN. The gentleman from Michigan is recognized for 10 additional minutes.

Mr. WOLCOTT. We are all in agreement on that. The gentleman from Texas [Mr. PATMAN], who, although he has made some very much exaggerated statements on this question, seems to be in perfect accord with us on the proposition that every time we raise the national debt a billion dollars we have to pay it over several times. I will repeat what he said about that yesterday. He said:

In the first place, if we pay a dollar now, that is equivalent to saving two or three dollars in the future—

I say only an additional dollar; he says three; I do not know; it is somewhere in between—

because, if you have to borrow that dollar, and you pay interest on the dollar, the interest on a long-time bond, the history is that by the time you pay back the dollar on that bond you will have to pay two or three times the amount of it in interest, in addition to the \$1 that was borrowed. So that for every dollar we pay now we save these returning soldier boys, if you please, the obligation of not only paying the \$1 but of paying two or three times the amount of it in interest.

Well, our worthy colleague has done himself proud. He has advanced his philosophy of this bill courageously if not intelligently. If we pay \$2,000,000,000 in subsidies today these same boys that he refers to coming back from the front—and I did not intend to mention this until he did yesterday, we did not want to bring the soldiers and sailors into this—will have to pay it. We will refer to my boy. He is not old enough to go to war. For every dollar the Government pays of my grocery bill today, my boy has got to pay \$2. For every 5 cents that we save on butter today he and his generation has got to pay 10 cents.

O Mr. Chairman, let me tell you, there is a moral question involved here. Where is the American with blood so thin, may I say so yellow, that he would pass on to posterity, that he would pass on to his sons and daughters, that he would pass on to the men fighting our battles—and I use that only because it was used yesterday—the payment of any part of the grocery bill for the food which you and I are eating today; at a time when the national income and the family income is higher than at any time in the history of the United States? I do not want to hang my head in shame 10 or 15 years from now when my boy might come to me and say: "Dad, these taxes are high. These taxes are high because you did not pay your grocery bill back in 1943. I am paying your grocery bill today. That was a dirty trick you played on me, dad." I do not want my boy to be able to say that.

Are consumer subsidies inflationary? For every dollar you pay in consumer subsidies you increase the purchasing power of the individual by \$1 or the purchasing power of the Nation, any way you want to put it. When you increase the purchasing power of the Nation, you are pressing right up against that inflation ceiling.

What causes inflation? We all agree it is spending by the Government. The spending by Government today has caused the depreciation in the value of the currency which is reflected in higher prices and, remember this, which I say parenthetically, an increase in prices seldom if ever induces inflation. The increase in the prices is the result of inflation. Think that over. It is the result of the depreciation of the value of the currency by other causes which the gentleman from Alabama has so ably covered.

Do consumer subsidies cause inflation? Of course they do, and let me reiterate that we increase the volume of purchasing power at a time when there is a constantly decreasing availability of consumer goods.

Do consumer subsidies cause inflation? The worthy gentleman from North Carolina [Mr. DOUGHTON] and his committee have been working for years trying to solve the problem by siphoning off purchasing power so as to diminish the differential between the national income and the dollar value of consumer goods. Anything which tends to widen that breach, anything which tends to enlarge the differential between the value of consumer goods, on the one hand, and the national income on the other, makes further taxes necessary. So you see, you get right back to the point that if you get the subsidy to pay your grocery bill you have got to be taxed for that money.

You are going to hear a great deal during these debates about individual income, about the relatively fixed incomes of the white-collar workers and Government workers, as well as the annuitants, the pensioners, and so forth. There are undoubtedly some of those who will continue to need some help, which is always a problem of Government. I want you, the members of the committee, to just sit down when you have the time, when it is quiet, and think of your friends, your neighbors, your acquaintances, not as individuals but as families and see how many of the families within your acquaintanceship have not had their family income materially increased during this period of war and war expenditures.

Let me cite you what I consider a typical example of a typical American family. I have in mind a man with a family. He has four children. He has the same income today that he had last year. It is not material what the amount is, but he has the same income today that he had last year. Last year at this time he was supporting himself, his wife, and four children. Today, on that same income, he is supporting himself, his wife, and two small sons. One of his boys is in the service, sending money home to dad, for which dad is buying bonds and laying them aside for the boy when he comes home. One other, a girl, has a position down here in the War Department. She is keeping herself. Has not the purchasing power of that man been increased materially? Has not the family income been increased materially? His individual income has a purchasing power today greater by 35 percent than it had last year, and the entire family income has been increased by two of the family being in position to get some return for their employment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 additional minutes.

Mr. Chairman, think about that and determine for yourself how many families have not had an increase in family income during the last 2 or 3 years.

I want to get to a statement made by Chester Bowles, Administrator of the C. P. A. Mr. Bowles in a statement night before last, as he is quoted in the press, says that if we do not authorize the payment of \$800,000,000 the cost of living is going up \$8,000,000,000. I have been with this subject for the last 2 years

and I do not think heretofore anybody has ever made quite such a fantastic claim and I cannot conceive of my good friend, Chester Bowles, on his own initiative, on his own responsibility without somebody having suggested that he should do it because this bill was coming up, making any such absurd statement as that. Needless to say, it is not borne out by any facts. Let us say that instead of increasing the cost of living by \$8,000,000,000 it will increase the taxes according to my friend, Mr. PATMAN's figure, up to \$2,400,000,000.

Mr. Chairman, I want to read a statement which I made when this bill was reported out and when the intent of the committee was fresh in my mind.

The action of the Banking and Currency Committee in reporting a bill which will prevent the payment of consumer subsidies is a decided victory for the majority faction in Congress who are opposed to the socialization of agriculture. The basic problem before Congress in connection with the subsidization of consumer prices is the perpetuation of the American form of government. The fundamental objection to consumer subsidies is that they socialize agriculture. The Congress, as representative of American patriotic thought, must exercise its constitutional prerogative to stop this trend toward socialization.

The bill continues the life of the Commodity Credit Corporation to June 30, 1945, or to such earlier date as may be fixed by the President by Executive order. It does not provide for any additional funds. The committee felt that if the Commodity Credit Corporation was to be prohibited from paying consumer subsidies, their present borrowing and loaning capacity of \$3,000,000,000 was sufficient. It will be recalled that they were given an additional \$350,000,000 in July, bringing their total borrowing and loaning capacity to an even \$3,000,000,000.

The bill prohibits funds of the Commodity Credit Corporation or any other governmental agency from being used to make subsidy payments or to pay or absorb losses on agricultural commodities to reduce or maintain or in lieu of increasing maximum prices, except that the Commodity Credit Corporation may sell at a loss perishable fruits and vegetables owned and controlled by it, the increased production of which has been requested by the War Food Administrator if there is danger of substantial loss through deterioration by spoilage.

We made it very clear in that language that the deterioration should not be in value but in quality by qualifying the word "deterioration" by the words "by spoilage." In short, it prevents the payment of consumer subsidies but preserves the policy of paying producer subsidies for the purpose of obtaining the maximum amount of essential foods.

The bill authorizes the continuation of any subsidy program initiated previous to October 13 but provides that these subsidies cannot be paid after December 31, 1943. In accordance with this provision the present subsidies on butter and

meat would stop on December 31, 1943, but the milk subsidy in all probability would be continued if this subsidy is reflected back to the producer and is necessary to obtain a maximum amount of production.

The bill gives the assurance that the producer of foods will obtain the benefit of any support prices, and support prices cannot be manipulated to defeat their purpose by being used to effectuate consumer subsidies. The bill is an anti-inflation bill, nothing to the contrary notwithstanding. It is a forward step not only to preserve the American form of government but to prevent inflation; it prevents a widening of the gap between national income and the dollar value of consumer goods, thereby obviating the necessity of increasing taxes by at least \$2,000,000,000. It siphons off purchasing power at the source, thereby relieving the pressure on the inflation ceiling; it prevents our sons and daughters and the members of our armed forces after they have returned from the battle fronts from having to pay tomorrow a part of our grocery bill for the food which we are eating today.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. BARRY. I am having some difficulty following the gentleman's attempt to distinguish between consumer subsidies and producer subsidies, because before the war broke out there was no shortage of food. My question is, does the gentleman contend that subsidy payments under the Triple-A Act and the Soil Conservation Act which were made to the farmers to keep them from producing were producer subsidies?

Mr. WOLCOTT. I think payments made under the Agricultural Adjustment Act and the Commodity Credit Corporation Act to encourage them to expand production were the subsidies I mean in respect to producer subsidies. I think the question may be answered in this way. If the subsidy is primarily for the purpose of establishing a maximum price or maintaining a maximum price or in lieu of increasing the maximum price, then it comes within the prohibitions of this act. I think that kind of subsidy is a consumer subsidy.

Mr. BARRY. That form of subsidy is to maintain purchasing power, to maintain the price, just as this proposition is to give the consumer purchasing power. There was never any shortage in any farm commodity before the war broke out.

Mr. WOLCOTT. We had a surplus before.

Mr. BARRY. Why did you need producer subsidies? There is no difference between a consumer subsidy and a producer subsidy.

Mr. WOLCOTT. I think the gentleman from months of very attentive consideration to the subject in the committee knows what we mean by a consumer subsidy and a producer subsidy.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The payments made under soil conservation and parity payments were made to keep production down, restricting acreage. It was a program of scarcity. That program is now out the window. 1944 will be the first time that we shall have free production and full production in the United States. Under the program of scarcity farmers were penalized and assessed heavy penalties if they produced more than they were allowed to produce under the triple A program.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Montana.

Mr. O'CONNOR. I should like to have the gentleman's opinion on this question. Can a subsidy, even a producer subsidy, be handed to the producer or handed on to the producer, giving him the benefit of it, unless we establish a floor price in company with the subsidy? In other words, do we not have to have a floor price before we can pass on a subsidy, regardless of to whom it is supposed to be paid?

Mr. WOLCOTT. Yes, and the only subsidies in which we are interested in that respect are those subsidies which are payable when support prices are above parity. We have said in the O. P. A. Act that no maximum prices shall be established below parity. So the only ones in which we are interested are those relatively few cases where the floor prices are above parity prices, and they are all listed in the hearings.

Mr. O'CONNOR. My question is, Does the subsidy pass to the producer unless we have a floor price? Is there any assurance that he is going to get it unless we have a floor price?

Mr. WOLCOTT. You have the floor price underneath them anyway. You always have the floor on all these commodities. As a matter of fact, the support price is a floor.

Mr. O'CONNOR. But we do not have any floor price; we have support prices but no floor prices.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. MARCANTONIO. The gentleman asked a question of every Member of the House. He said, "Look around and see if there are any families whose incomes have not been increased." I think the gentleman is unaware of the hundreds of thousands of white-collar workers, and is also unaware of the hundreds of thousands of pensioners, policemen, firemen, and other civil-service employees who have not had an increase in income. Without debating the general proposition at this time with the gentleman, I say that the increase in the cost of living has brought about a reduction in income on the part of practically every consuming family in the United States.

Mr. WOLCOTT. Did the gentleman vote for the Price Control Act?

Mr. MARCANTONIO. I did.

Mr. WOLCOTT. Let me call the gentleman's attention to that fact, that you wrote a mandate into the Price Control Act to raise the prices. Do you know that?

Mr. MARCANTONIO. I disagree with the gentleman on that.

Mr. WOLCOTT. Oh, you do?

Mr. MARCANTONIO. Will the gentleman read that section?

Mr. WOLCOTT. Yes, I am going to.

On October 2 we directed the President to stabilize, as far as practicable, on the September 15 level, and we set up certain standards in respect to agricultural prices. Then on page 2, in a proviso which was not hidden, by any means, we provided:

That modifications shall be made in maximum prices established for any agricultural commodity and for commodities processed or manufactured in whole or substantial part from any agricultural commodity, under regulations to be prescribed by the President, in any case where it appears that such modification is necessary to increase the production of such commodity for war purposes, or where by reason of increased labor or other costs to the producers of such agricultural commodity incurred since January 1, 1941, the maximum prices so established will not reflect such increased costs.

When you set, as the Administrator did, a price on canned goods, and then the labor costs in the processing industry were increased, thereby increasing the cost of producing those canned goods, there was a distinct mandate to the Price Administrator to raise the price. The gentleman voted for it, as we all did. We have mandated the Office of Price Administration to do exactly what some of you are objecting that they do today. You would have to virtually repeal existing law if you were to do otherwise.

Let me go a little further with this:

Provided further, That in the fixing of maximum prices on products resulting from the processing of agricultural commodities, including livestock, a generally fair and equitable margin shall be allowed for such processing.

You voted for that and you did not quibble at all about it. You said, "He cannot put a price less than is necessary to get the maximum amount of production." That is all we say in this bill. That is everything we say. All we do is to reiterate the policy established in the Price Control Act and make them do what we told them to do on October 2.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. MURRAY of Wisconsin. Another concrete example is when the Secretary of Agriculture at a time when hogs were at 11 cents, putting a floor of \$13.75, Chicago, or between 110 or 115 percent of parity, at the time, and he was following that particular part of the law, and the reason he gave for doing so was to increase the production of pork in connection with the war.

Mr. WOLCOTT. What we want to do is to straighten out some of these bureaus and tell them that Congress is not going

to stand for their constantly flouting the clear intent of the Congress as expressed in the law under which they are operating.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. SUMNERS of Texas. As I understand the statement of the gentleman this money that it is proposed to supply is simply to pay a part of the price of the food which is consumed by us. Is that right?

Mr. WOLCOTT. Or try to prevent the use of money for that purpose.

Mr. Chairman, I will take 2 minutes more.

Mr. SUMNERS of Texas. Now, then, the Government has not got any money, has it?

Mr. WOLCOTT. It has to raise it through Congress by imposing taxes or selling bonds.

Mr. SUMNERS of Texas. And the Government has not got a cent, it is nearly busted now. When a man goes out to the store to buy groceries, is it not proposed now, in effect, that the Government will pay a part of that grocery bill?

Mr. WOLCOTT. The gentleman is correct.

Mr. SUMNERS of Texas. Is not that what is proposed to be done, if you have this subsidy?

Mr. WOLCOTT. If you defeat this bill, that is what you will do.

Mr. SUMNERS of Texas. But my question is a matter of yes or no.

Mr. WOLCOTT. Yes what?

Mr. SUMNERS of Texas. Yes, that it is proposed to have the Government pay a part of the current grocery bills of everybody.

Mr. WOLCOTT. The Government is proposing today to pay a part of it.

Mr. SUMNERS of Texas. I know that. I am not trying to argue with the gentleman. The Government has not got any money, the Government is broke and here we are, grown men, and we do not propose to pay for what we eat. Who is going to pay that, if the boys who are on the fighting front now and their kids do not pay it?

Mr. WOLCOTT. I cannot answer that. It has to be paid.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. Oh, the gentleman from Michigan yielded to me. I do not yield.

Mr. WOLCOTT. I am through.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BARRY. The Government paid the farmer part of his grocery bill, and we are asking the same thing now for the consumer.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman, I appreciate the spirit with which the House is confronting the decision of this question. I have heard a good deal of talk about inflation. As I understand it inflation comes about when many people with plenty of money to buy, try to buy more than there is to sell. I am

sorry to "bust" in on a lot of big speeches, but that is about what it is. As I understand this contribution that we are trying to stop, or the contribution going on now, it is that the Government is paying a part of the grocery bill of the people who buy food. That is it. Now, then, the Government has not got any money. Everybody knows that. Well, who is going to pay it? Are you going to pay it? If we are, why do we not pay it when we get the groceries? There are just two people who can pay it, and they are the folks who are eating the grub, the ones getting the food—or somebody else whom we are delegating to pay our bills for our food—is that not right?

Mr. ANGELL. That is right.

Mr. SUMNERS of Texas. If we would pay that grocery bill when we get there, we would pay it out of our own money. It is not just a few people mooching off of future generations to pay our current eating bills but it is proposed that everybody get in on this while the getting is good. Our young men are fighting for us while we are at home, safe from danger. There is nothing they can do about it. They cannot help themselves. If we put this food bill into bonds those bonds will bear interest. The people who are sitting here in this Chamber are not going to pay them or any part of them, but we are going to eat the food. These soldiers when they come home will find we signed their names to the bill. It will be a bill for our current eating expenses while they were away fighting for us. Is not that a pretty picture for grown people in America to put themselves in? Here we are, grown people in America, and our boys are fighting on the far-flung battlefields of the world, and we have not got sense enough to arrange some sort of a way whereby we can pay our own grocery bill.

If these white-collar fellows need more money, let them get it—help them to get it. They are entitled to more. All these big words and long speeches—it is just a question of whether we will pay our grocery bills or write them into the books and leave them for somebody else to pay. That somebody else is the generation following us in responsibility. The generation which makes up the body of our brave fighting men and the women of comparable age and their children now and to be. It is not only proposed that we saddle off our grocery bill on them, but that grocery bill will bear interest until they can find the money to pay it. Do we not suppose they are going to have to eat? If we cannot pay our own current grocery bill, how do we expect them to pay theirs and ours, too, plus accumulated interest and plus the salaries and cost of the necessary addition to the present army of planners and supervisors and interferers with and messers up that have been drawn from the manpower of the country to harass and bedevil the people still engaged in productive effort. I only have 5 minutes and cannot discuss the even more important thing—the far-reaching effect upon the independence of the business of agriculture and the independence of the

farmer which would result from this subsidy policy.

Mr. BARRY. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. BARRY. Will the gentleman tell me the fundamental difference between the Treasury subsidizing farmers and the Treasury subsidizing consumers?

Mr. SUMNERS of Texas. I do not want to get too far away, but I want to get to the fundamental question between you paying your own grocery bill and making your grandchildren or somebody else's grandchildren pay for it, plus the interest on the debt.

Mr. BARRY. Was not that same test applied to the farmer?

Mr. SUMNERS of Texas. Maybe so.

Mr. BARRY. Was not that same test applied to the farmer in subsidizing the farmer?

Mr. SUMNERS of Texas. Maybe so.

Mr. BARRY. A good many of the men who are opposed to this bill voted for that.

Mr. SUMNERS of Texas. Maybe they did so. Maybe they did so very foolishly or wisely. What has that got to do with the present responsibility?

Mr. MARCANTONIO. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. MARCANTONIO. With all due respect to the distinguished gentleman from Texas, the statement about whether or not we should pay our grocery bill or whether our grandchildren should, sounds very, very good.

Mr. SUMNERS of Texas. It is good.

Mr. MARCANTONIO. But the gentleman fails to realize that if we do go into an unbridled spiraling economy, our grandchildren will not have anything with which to pay.

Mr. SUMNERS of Texas. Well, we had better set a good example of paying our own grocery bills as we go along.

Mr. MARCANTONIO. Will the gentleman tell us how he proposes to do that?

Mr. BROWN of Georgia. I yield 20 minutes to the gentleman from Texas [Mr. PATMAN].

SUBSIDIES ONLY ALTERNATIVE FOR HIGHER COST OF LIVING AND INFLATION

Mr. PATMAN. Mr. Chairman, we have had more than 2 hours in opposition to what some of us stand for in the House and I would like to have just a few minutes to present this from the angle of those who are opposed to section 3. There is no personal difference between us in this fight on this proposal at all. There is a difference of opinion and we have different views.

As evidence of the fact that a lot of Members have not studied this proposal and do not thoroughly understand it, I cite as exhibit A, my good friend the gentleman from Texas, the Honorable HATON W. SUMNERS, who has often been pointed to as the sage of the House. Now, he is a wise man. He is one of the wisest men I know and whenever a wise man like Judge SUMNERS will go off on the angle that he did, I know there is bound to be a lot of misunderstanding and confusion in this

House. I want to show you how fallacious that argument is, if you will pardon me. I apologize for differing with you, Judge SUMNERS, because I know you are usually right and I am usually wrong. But in this particular case maybe I have studied it from more angles than you have studied it. The gentleman from Michigan [Mr. Wolcott] in his talk yesterday—I have talked too much on this, I know that, I have spent entirely too much time—but every time I have made a speech I have made this statement, which I made yesterday:

And again I challenge any Member of this body to get up, and I will yield to him, who will offer any plan that will keep down the cost of living and encourage production and not increase prices without the use of subsidies. Can you name it? Of course, you can not.

The gentleman from Michigan [Mr. Wolcott] said:

I would not want the gentleman to yield sufficient time for me to answer on that particular question, but if the gentleman and the rest of the House will listen attentively during the debates on this bill, I will answer it.

That is what he said yesterday. I listened most attentively here today and he did not answer it. I want to say there is no Member of this House who can answer it. Nobody can answer it. You have either got to increase prices or take it out of the hide of the farmers—which would discourage production—or pay a subsidy. There is no other way around it at all. And I have often made that challenge and nobody has accepted it.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PATMAN. I cannot yield, because my time is too limited and I hope the gentleman will not insist upon it.

Let me give you an example on canned goods that the gentleman was talking about. Suppose we raise the prices of canned goods all over the United States to take care of high-cost producers. I happen to know something about that. The gentleman read the law there where we were supposed to raise all prices, and this particular bill will force it—absolutely force it. The canneries, a lot of them, say around Baltimore and around Cleveland and a lot of places where they have a high cost of production, produce a large part of the canned goods, at least a substantial part. They cannot produce at the prices that are paid, the maximum prices. They would have to go out of business. Which is better, to allow them a 10 percent or 20 percent increase to take care of them to keep them in business and in production, or to raise prices all over the Nation? That is the question.

In other words, is it better to go into debt \$1 than it is \$5 or \$30? Why, there is only one answer to it. Of course, it is better to go in debt \$1 than \$5 or \$30. I will offer you an example, just a little bit of an example, that has the same principle involved in it, on copper. We needed more copper. The big companies were producing all they could at 12 cents a pound. If you paid them 40 cents they could not produce any more. So we

wanted to get these high-cost mines in production. Which was better to do, increase all copper to 25 cents or 30 cents a pound or just give the high-cost producer the extra amount in the form of a subsidy? The answer is it was better to give those high-cost mines a subsidy of 5 or 25 or 30 cents a pound. The result was that we increased the total copper production 10 percent. It was very helpful. We are almost out of the woods on copper, and we were out between \$30,000,000 and \$50,000,000 on that. We had to borrow that money, we will say. Yes; we borrowed it. Our children and grandchildren will pay it back. But which is better, to pass on a debt of \$30,000,000 to our grandchildren or somebody else to pay, or pass on a debt of \$1,000,000,000 which it would have cost us without a subsidy?

The answer is obvious. Of course, it is better to pass on the smaller amount. So it is not just as simple as many have suggested here. And as in the case of copper, so in the case of canned goods, and I could name you a dozen other things that will operate in the same way. Sometimes we have to take something bad in order to keep from taking something much worse. So I do not care if you are against subsidies. Is it not better to pay a \$10,000,000 subsidy on canned goods in the distressed areas than it is to pay \$100,000,000 in increased prices? Now, remember this, that the Government is buying half of what we produce that is subsidized, more than that in most things, in copper especially. If we were to increase the prices of all copper it would have cost us \$1,000,000,000 more. The Government would have to pay more than half of that because they bought more than half of it. So there is \$500,000,000 increase in that that we saved by being out about \$30,000,000 on a subsidy. Who can argue against that? I say now, I have made this challenge on the floor of this House day in and day out; nobody can answer. Nobody can answer it. You will either use subsidies or you will increase the cost of living, or you will retard production. And saying it another way, there is only one way to encourage production and keep down the cost of living and that is through the use of subsidies.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PATMAN. I do not yield at this time.

Mr. O'CONNOR. You made the challenge.

Mr. PATMAN. I know, but I have done it day in and day out. I am not going to take my 20 minutes now to yield to anyone to answer it. The gentleman from Michigan [Mr. Wolcott] offered to answer it yesterday. He said he was going to answer it today but he did not, because there is no answer to it. Nobody can answer it.

Mr. O'CONNOR. If the gentleman will help me to get some time, I will answer it.

Mr. PATMAN. All right. They would like to have it answered on the Republican side, because they want to know what that answer is. If the gentleman

has got an answer he will be making a great contribution to the Republicans.

So, what about these subsidies? Why has the word "subsidy" become so obnoxious? Are we not paying a part of the rent bill down at Dallas, Tex.? Certainly we are. All these rents around the defense plants are subsidies as well as some social living quarters. We could not get people to go to Dallas. As delightful a place as that is to live, one of the finest cities in the Nation, we could not get them to go there and pay the rent they would have to pay if they paid an economic rent. Therefore, the Government has built houses and made it possible for those people to pay \$20 rent when \$50 would be an economic rent. You are subsidizing them to the extent of \$30 a month. That is going on all over the country. Is that so bad? No. That is the way it should be. You must have production and you must have people to do the work, and you cannot have them unless you give them a decent place to live. So, it is all right. So that is paying a part of the rent bill.

In New England we had to get them fuel. They could not get the fuel by water because of the submarine menace, and we had to ship it by rail. That greatly increased their cost. Was it right for them to pay that increased cost? They could not do it. It would absolutely cause a lot of families to suffer. So the Government subsidized the transportation cost to the New England fuel users. There is a case where we are paying a part of the fuel bill for a large segment of our population. If it is not so wrong to pay the fuel bill and the rent bill, and to pay tariff duties up to \$4,000,000,000 a year, which is a subsidy—if those things are not wrong, then is it wrong to save our people \$5 or \$25 or \$30 on every dollar that we have to borrow, or that we use as a subsidy payment?

I hope the Members of this House will study this proposition. In all seriousness and earnestness, I tell you that if you do, without reference to any political consideration, without reference to what will happen to you or to me in politics or anything else, but, solely with the desire to help the country in wartime, you will come to one conclusion and that is the conclusion that I have stated here day after day, that no one yet has been able to answer successfully.

I want to say to my friend from Michigan [Mr. Wolcott] if anybody could answer it, he could, because he is better informed on this legislation than any other one Member of Congress. When he said yesterday he was going to answer it today, I said, "I wonder what kind of answer that is going to be"; but he did not touch it, side, edge, nor bottom. The reason is evident, because there is no answer. It is just logical that there is no answer. How are you going to keep the price of living just like it is when the farmers cannot produce and sell at a price that will permit the cost of living to remain there unless you give a subsidy to make up for that difference? It is just as plain as the nose on your face. There is no other remedy. So when you vote for this bill you are voting to increase

the cost of living and you are voting for inflation.

When did the word "subsidy" become so obnoxious? As I have often said, the tariff which is as old as the Government, is a subsidy. The railroads were subsidized. The merchant marine, the inland waterways were subsidized. The postal rates are a subsidy for newspapers and magazines up to almost \$100,000,000 a year. I am not opposed to it. I am in favor of it.

George Washington started it. George Washington was right. He said:

Let us disseminate knowledge and information by making it easy for people to get newspapers at a low rate.

George Washington was exactly right; and since that time we have subsidized the newspapers and magazines. Today a paper published in Dallas County or any other county can be deposited in the post office there and the publishers pay absolutely no postage at all for distribution through the mails in Dallas County or the county of publication. They can send out 5,000, or 10,000, or 100,000, or 1,000,000 copies, and they pay no postage whatsoever under that policy. It is the same way in every county in the United States. If they ship them outside of the county they pay such a low postage rate that the Government in the end loses almost a hundred million dollars every year on those low postage rates. Now there is a case where it is a fine thing—a subsidy is. Nobody opposes that; I think we all favor it. I am just giving that as an example of cases where there is no opposition to subsidies.

I would not be in favor of subsidizing everything; it would be absolutely wrong. There are certain things that it works on and there are certain things that it would not work on. The point I make is that Congress is in no position to determine which of these commodities they will use a subsidy on and which they will not use a subsidy on.

The committee bill is not against subsidies. If you will read the bill you will find down at the end that although the bill denounces subsidies and everything connected therewith, it states:

Provided, however, That none of the provisions of this act shall apply to domestic fats and oils and oilseeds.

In other words if you help pay anybody's butter bill with a subsidy, that is a subsidy, and very bad; but if they will buy margarine that is all right. You gentlemen over here on the Republican side, you say it is all right to subsidize oleomargarine; you are for it in this bill. It permits it, it specifically exempts—specifically exempts oleomargarine. You say that is all right, that is a good thing. Furthermore you say it is all right to subsidize Crisco, or anything else that is made from vegetable oils and fats and oil seeds, domestic. You say that is fine, the principle is not violated there, but if you want to subsidize butter, or hog lard, or something like that, why, it is bribery. It is bribery! It is wrong, somebody ought to go to the penitentiary for it. Do you not think it is just a little bit inconsistent? Why, of course it is

very, very inconsistent. The fact is that subsidies are just as old as our Government. They have always been with us and will continue to be with us.

POST-WAR FARM PROGRAM

We can have no farm program that is lasting and permanent without subsidies, and this effort to get the farmers to go against subsidies is an effort to make the farmers fight their own interests. Why did we 10 years ago fight the group that is now so vigorously opposing subsidies to the farmers in this case, force the use of subsidies for farmers? There was an excellent reason for that, Mr. Chairman, and I hope the Members study it. For a hundred years the farmers have been at a great disadvantage. They have been compelled to buy in a protected market, buy things over the high tariff wall that was built up to help infant industry and other industry in our country. When they want to sell what they had worked so hard to produce they had to sell it in the competitive markets of the world in competition with the cheapest forms of labor on earth. There was a distinct and decided disadvantage to the farmers of this Nation and for the first time in the history of our Government the Congress more than 10 years ago said: "We are going in a measure to remove that discrimination; we are going to give the farmers a subsidy to help make up for it; we are going to give them some money." Congress even went to the extent of setting aside a part of the actual tariff duties collected to give the farmers a part of that subsidy; yet here we are now trying to teach the farmers that it is wrong to have a subsidy, it is absolutely wrong. Do you know what we are doing if we succeed in doing that? We are leading them up a blind alley to destruction; we are leading them up a blind alley; that is what we are doing.

FARMERS PROTECTED IF THEY DO NOT GIVE IT UP

When this war is over and we have a permanent farm program can we have one without the use of subsidies? Of course we cannot and we have written into the Commodity Credit Corporation Act a provision that for 2 years after the declaration of peace the farmers of this country shall be guaranteed a loan value equal to 90 percent of parity. That will protect the farmers from what happened after the other war. This gives them adequate protection, it gives them a floor under their prices and protects them. All right; that is what they want. No other class or group in America has that protection; no, they do not have it. It is likely to last several years after the war. You will notice that law reads that it shall continue 2 years after the declaration of peace. It is always 2 or 3 years after a war ceases before there is an official declaration of peace, so we are safe in assuming that for 4 or 5 years after this war is over the farmers are going to be protected to the extent of 90-percent-parity loans. Now if you teach the farmers to oppose subsidies, to fight subsidies on the ground that they are wrong, the administration in power, if it happens to be our friends over here, I am afraid will laugh at them and say:

"No, no; you fellows are against subsidies; you do not want them; we will have to repeal or not carry out that law." The subsidy will only be needed if prices go down and naturally they will go down after inflation; they always do. So this campaign to teach the farmers to fight subsidies is teaching them to fight their own good interests and best interests and, I repeat, destructive to them when this war is over. I hope that those who are attempting to do it will not succeed. The subsidy question is one that obviously I cannot answer in full in this limited time, but I repeat in conclusion what I have often said. I do not want to take up all the time that has been allotted me. I want other members of the committee to use it.

ANOTHER CHALLENGE

Nobody can answer this question. It has been challenged here every day. The gentleman from Michigan [Mr. WOLCOTT] who has spoken, promised to answer it yesterday but did not answer it. There is only one reason for that. If there is any answer on earth the gentleman from Michigan [Mr. WOLCOTT] could give it because he knows all the answers available. The answer is, it is either high cost of living and inflation or the use of subsidies.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CRAWFORD. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. ROLPH].

Mr. PATMAN. Mr. Chairman, I hope the gentleman will not insist on that. They have had 2 hours here and we have only had 20 minutes. Why cannot our side go on?

Mr. CRAWFORD. Mr. Chairman, I do not like to have that in the RECORD because I was not trying to pull anything. The gentleman in charge of the time over there indicated to me I should yield some time.

Mr. BROWN of Georgia. What time has been consumed by either side?

The CHAIRMAN. The gentleman from Alabama [Mr. STEAGALL] has consumed 1 hour and 10 minutes and the gentleman from Michigan [Mr. WOLCOTT], has consumed 1 hour and 2 minutes.

Mr. BROWN of Georgia. Does the gentleman want to use some time?

Mr. CRAWFORD. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. ROLPH].

Mr. PATMAN. May I plead with you gentlemen? You have used 2 hours and 12 minutes.

Mr. CRAWFORD. There are only 8 minutes' difference.

Mr. PATMAN. Cannot you give us an even break on the time?

Mr. BROWN of Georgia. Mr. Chairman, I expect to yield to the gentleman from New York [Mr. Celler] and to the other gentlemen time before we close this evening. I am giving the gentleman more time than he is entitled to, and I am doing it because he asked me to.

Mr. PATMAN. I object to that. I have used 20 minutes out of 2 hours.

Mr. BROWN of Georgia. I will yield the gentleman more time.

Mr. PATMAN. Then give it to the gentleman from Wisconsin [Mr. DILWEG] or somebody on my side.

Mr. BROWN of Georgia. I will give the gentleman all the time I think he is entitled to. He has no right to ask for all the time.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. ROLPH. I yield to the gentlemen from New York.

Mr. DICKSTEIN. Mr. Chairman, I ask unanimous consent to extend my own remarks in the Record on this bill.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. DICKSTEIN]?

There was no objection.

Mr. PATMAN. Will the gentleman yield for a parliamentary inquiry?

Mr. ROLPH. I yield for a parliamentary inquiry.

Mr. PATMAN. The parliamentary is, I think our folks should come on now. You see, they have not gone on as yet.

Mr. ROLPH. Mr. Chairman, is that a parliamentary inquiry?

The CHAIRMAN. The Chair will answer it. Under the rule adopted by the House, the time is under the control of the chairman and the ranking minority member of the Committee on Banking and Currency.

Mr. PATMAN. Mr. Chairman, I invite your attention to the fact the chairman yielded me an hour. Now, then, I want to use that hour. I have used only 20 minutes. I expect to yield that time to these other gentlemen to use who are waiting here.

The CHAIRMAN. The chairman of the Committee on Banking and Currency yielded the gentleman from Texas 20 minutes.

Mr. PATMAN. The chairman well knows that in his opening discussion the chairman of the Committee on Banking and Currency yielded me 1 hour definitely for today.

The CHAIRMAN. The Chair observed that the Chairman of the Committee on Banking and Currency did promise the gentleman an hour, but the Chair cannot control the keeping of promises.

Mr. BROWN of Georgia. Mr. Chairman, I expect to carry out the promises of the chairman, the gentleman from Alabama [Mr. STEAGALL]. He yielded to the gentleman from Texas [Mr. PATMAN] and those who are taking the same position he is taking 1 hour this afternoon. I will yield 40 more minutes to them this afternoon before we close.

Mr. PATMAN. As a matter of good faith, I know the gentleman is fair and wants to be fair—

Mr. ROLPH. Is this taken out of my time?

Mr. PATMAN. Since each side has taken an hour, why should we not use our hour now? You have 2 hours against us.

The CHAIRMAN. Does the gentleman continue to yield?

FOOD FOR THE WAR EFFORT

Mr. ROLPH. Mr. Chairman, price control is an emergency measure. No sensible person advocates price control as

a scheme for changing our way of life. Not as a means of permanently regimenting our national economy. Leon Henderson sold us on price control purely and simply as a means of combating inflation. Nothing more; nothing less.

The American people support price control because of bitter experiences following World War No. 1. They know runaway prices may well be followed by an aftermath of hesitation, bankruptcy, and chaos. Following the Armistice of 1918, and in the early twenties, innumerable firms went under because of tumbling commodity values. Not because of speculation. Not because of careless management. Not because of inefficiency or neglect. Troubles were caused by head-over-heels falling of prices and no buyers. Heavy inventories and no customers. Therefore, thoughtful people accept price control as a means of self-protection. Sort of an insurance policy. Reliance on an old axiom "once bit, twice shy."

But, Mr. Chairman, I do not think our people desire to embark on a sea of unlimited subsidies. During the summer recess we had occasion to discuss this issue with the citizens back home. While certain groups honestly feel the measure is a step in the right direction, others strenuously oppose. Before the recess, I voted against giving the Commodity Credit Corporation a blank check. After visiting San Francisco and talking to my constituents and after listening attentively to the witnesses before the Banking and Currency Committee, I have not changed my ideas. I am still opposed to unlimited subsidies. Why should the Federal Government be asked to pay part of the individual's living expenses? Why should the boys and girls now in the armed forces undertake huge tax bills for paying a portion of the living expenses of those who remain at home? Why should our children and our children's children pay any of our bills?

There is a wide gulf between unlimited subsidies and a policy of support prices of foods necessary for war purposes. The policy now in force.

In the latter field, Commodity Credit Corporation is doing an excellent job. The corporation should be continued. In my opinion it is a mistake to even consider abolishing the Commodity Credit Corporation. It has encouraged increased production of food products for the armed forces and for lease-lend. Among the food products supported for the war effort by C. C. C. are vegetable oils, canned vegetables, peanuts, dried peas, prunes, sugar—beet and cane, domestic and foreign—wheat for animal feed, cheese, milk, dried beans, raisins, coffee.

No doubt each of these commodities will be discussed at length several times during the debate. I intend to speak of but three, sugar beets, prunes, and raisins. California leads in production of all three. Each is of paramount importance in the present emergency.

Therefore, let us carefully examine sugar. Members of the Banking and Currency Committee have been pressing

for announcement of support price on sugar beets. On December 31, 1941, the Secretary of Agriculture estimated various quotas for 1942 as follows:

	Tons
Domestic beet.....	1,862,811
Mainland cane.....	504,995
Hawaii.....	1,127,420
Puerto Rico.....	959,088
Virgin Islands.....	10,716
Philippine Islands.....	1,237,764
Cuba.....	2,297,533
Foreign countries.....	31,747
Total.....	8,032,074

By proclamation of the President as of April 13, 1942, all sugar quotas were removed.

We counted on about 15 percent of our supply as coming from the Philippines. The attack on Pearl Harbor stopped all shipments from the Far East. Cuba is down for about 30 percent, the largest single contributor to our needs. The United States, through Commodity Credit Corporation, has been purchasing the Cuban crop for the past 3 years. C. C. C. likewise purchased sugar for import from Puerto Rico and other sources. In May, when the earlier C. C. C. bill was before the Banking and Currency Committee, Mr. Hutson reported on the workings of his Bureau. Referring to page 268 of committee hearings, under the caption of sugar, we read:

As one of its major activities in the foreign field, Commodity Credit Corporation has bought the 1943 Cuban sugar crop and is negotiating for purchases in Puerto Rico, Haiti, and the Dominican Republic. Imported raw sugar is allocated to refiners and sold to them at a price which permits them to operate under existing price ceilings. In addition, the Corporation will buy the 1943 sugar-beet crop at a price which will increase returns to farmers, and will resell the crop to processors at a price which will permit them to refine sugar and dispose of it within the price ceilings. The Corporation may absorb some of the excess freight charges in transporting beet sugar outside of the area in which it is normally sold.

The beet sugar planters in the United States were urged by the Federal Government to increase production. Growing beets for sugar is in competition with other commodities, such as lettuce, beans, and similar products. Unless the farmer knows in sufficient time what price he will get for beets, he most likely will plant other crops. The gentleman from Michigan, Representative FRED CRAWFORD, stated the case clearly, as shown on page 80 of committee hearings:

Mr. CRAWFORD. Mr. Hutson, I would like to make this comment, in reply to your question. In the growing areas—and I say this after many years' experience right out in the field of contracting—before the planting season begins, the interested farmers attempt to map out the acreage planned that they propose to follow with respect to all crops, including sugar beets. Now, the competitive conditions with respect to substitute crops, plus all of this planning that all of us are involved in, has an effect upon the individual farmer, in such a manner that it tends to reduce the acreage which goes into sugar beets, so long as the individual farmer does not know exactly what his acreage plan must be as related to this specific crop—sugar beets. So I would say that in

any area where planting has actually begun, every hour the final announcement is delayed will operate against the acreage which will ultimately be planted to sugar beets.

By referring further to page 82 of committee hearings, we find complete text of letter written September 24, 1943, to War Food Administrator Marvin Jones by California Congressional Sugar Committee. The letter sets forth the urgency of naming the support price on sugar beets.

Pressing further for the price on sugar beets, I wrote under date of October 7, 1943, to Mr. Jones and Mr. Hutson jointly requesting action. Mr. Hutson replied on October 16, 1943, stating the acreage question could be settled but that the Government hesitated to name sugar support price pending action of Congress on the Commodity Credit Corporation bill.

On October 26, 1943, the Agricultural Council of California wrote me, in part, as follows:

We are greatly concerned over the continuing delay in the announcement of a definite sugar-beet program for 1944. Every day's delay means so many more acres taken out of beets and planted in other crops. More and more growers are every day writing beets off their list and contracting for the production of other crops—solely because they have no assurance as to a future beet program.

On page 5 of Committee Report 846, covering bill under debate, we find this language concerning section 3:

This section does not prohibit nor interfere with any operation of the Commodity Credit Corporation or any other agency of the Government with respect to producer subsidies or loans authorized under existing law, including the Emergency Price Control Act of 1942, as amended and supplemented by Public Law 729, Seventy-seventh Congress, approved October 2, 1942, and it does not prohibit or interfere with support prices or the use of Commodity Credit funds made available to the Commodity Credit Corporation by existing law, including section 4 of Public Law 147, approved July 1, 1941, as amended.

This section provides that support prices shall continue to be announced for any such agricultural commodities pursuant to section 4 of Public Law 147, approved July 1, 1941, as amended, and further provides that loans shall continue to be made pursuant to section 8 of Public Law 729, approved October 2, 1942. The section provides, however, that maximum prices heretofore or hereafter established for such commodities shall not be below the support prices therefor or below prices specified in section 3 of Public Law 729, approved October 2, 1942.

The language is clear and explicit. The support price of sugar should be announced and is in no way connected with unlimited subsidies. For 3 years past the Federal Government has purchased Cuba's sugar. About 44 percent of the sugar consumed in the United States ordinarily comes from foreign sources. The domestic beet crop is in normal times close to 23 percent of our total requirements, including lend-lease.

I repeat, the question of unlimited subsidies does not, in my opinion, enter into the sugar picture. It is manifestly unfair and prejudicial to our national

interests tying sugar in with unlimited subsidies.

Now with reference to dried fruit. Practically the same situation exists as in sugar, except dried fruits are domestically produced whereas a large percentage of the Nation's sugar requirements are imported.

I have obtained copies of Commodity Credit Corporation forms used in connection with raisins, also prunes. Agreements are dated as of August 15, 1943. These contracts are here for perusal by the members of the Committee of the Whole. First paragraph of raisin contract reads, and I quote:

Whereas in order to assure an adequate supply of standard quality processed raisins of the 1943 crop, during the existing war emergency, for the needs of Government agencies and for civilian consumption and to assure the proper and orderly marketing thereof, Commodity desires to purchase certain processed raisins of said crop and to make certain disposition of the raisins purchased, all in the manner and subject to the conditions hereinafter specified.

Section No. 1 of raisin contract is quoted in full:

Section 1. Support prices to producers: In respect of all of its purchases of 1943 raisins in natural condition, whether such raisins are purchased by packer for processing or sale pursuant to this agreement or otherwise, packer shall pay all producers for 1943 raisins so purchased (other than raisins received from its producer-members by a packer which is a bona fide marketing cooperative) the applicable producer support prices. Such producer support prices shall be the maximum prices in effect as of the effective date of Maximum Price Regulation 461, as issued by the Office of Price Administration on August 28, 1943, in respect of all such 1943 raisins.

And so forth. Prune contracts are almost identical. In my opinion these contracts will fully qualify under terms of the bill as written. The dried fruit industry was encouraged to increase production. The industry responded wholeheartedly, sincerely, and loyally. The dried-fruit industry is making an outstanding contribution to the War effort and is cooperating 100 percent with all Federal agencies involved.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. ROLPH. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Today I have been informed by the War Production Board and the Defense Plant Corporation that we have a great shortage of commercial alcohol, as well as blackstrap molasses out of which to produce commercial alcohol. Does the gentleman know any better way to alleviate that situation than for the Food Administration to announce to the gentleman's sugar-beet growers in California that they may proceed to plant and grow sugar beets, out of which we can make sugar, so that in the offshore areas invert sugar can there be made, to be converted into alcohol?

Mr. ROLPH. I thank the gentleman very sincerely for that observation. I agree with him 100 percent. As the gentleman knows, the planting of sugar beets began in California in September. The

planting starts in our State earlier than in any other section of the country. Due to the late announcement of the price last season, the price not being announced until March, there was a shrinkage of some 100,000 acres in the planting of sugar beets. In other words, instead of 170,000 acres being planted, as in the campaign before, only 70,000 acres were planted in the last campaign. The observation of the gentleman is absolutely correct.

Mr. BROWN of Georgia. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. DILWEG].

Mr. DILWEG. Mr. Chairman, I feel that the vote to be cast by this House on the bill under consideration will be properly weighed by each and every Member who is fully aware of its importance. The vote to extend the life of the Commodity Credit Corporation will reflect the issue of "subsidies," or "no subsidies," as their use pertains to the field of agriculture and commodities processed from that field. All arguments to date presented on this floor have clearly drawn the line of "subsidies" or "no subsidies" and nothing has been said that would indicate that a compromise or a twilight zone between does exist.

I object to the sweeping and all-inclusive language of the antisubsidy provision in this bill. I refer to subsection 3. I believe that there is a danger in completely tying the hands of the executive agencies and corporations by this sweeping prohibition. I have repeatedly said to my colleagues that subsidies may, at times, be the only practical method to achieve maximum production of food, on the one hand, and, on the other, to maintain to the consumer a supply of food at a price which is reasonable and consistent with his income.

When this body considered the Commodity Credit Corporation bill shortly before our recess in July of this year, experiences in connection with food production clearly indicated that manpower shortage with a wholly inadequate supply of farm machinery, increased risks and costs of food production. The farmer could not be expected to increase his production without being relieved of some of the risks and additional costs. Increase in retail food prices which would result in passing on to the ultimate consumer the increased cost of production, would certainly result in demands for increases in wages and salaries. Knowing human nature, we could not permit the cost of living to rise without expecting a wage increase.

I think it must be conceded that the costs of providing farm commodities to the American consumer cannot be completely controlled. Therefore, costs which cannot be absorbed by the farmer can only be absorbed by the use of subsidies if price and wage ceilings are to be maintained. Thus, the payment of subsidies has been an essential part of price control. Price control as a factor in stabilizing labor costs, cannot be overemphasized and it follows that wage

ceilings cannot be held, or even justified, unless the cost of living is stabilized.

The administration is making a desperate attempt to hold the line, even though subjected to continuous pressure from special interests. It is evident that the prior control and subsidy program has been administered partly with a view to preventing increases in the cost-of-living index. Labor has criticized the cost-of-living index as a true measure of cost of living and has protested the administration of the Little Steel formula, demanding increases in wage rates. If we are to accept the Department of Labor, Bureau of Labor Statistics, as accurately reflecting price increases, we can understand the reaction to the information by the average wage earner. To illustrate: The United States Department of Labor, Bureau of Labor Statistics, reported on September 30, 1943, that food prices in August were 40.3 percent above January 1941, base date of the Little Steel formula. The entire cost of living was 4.9 percent above August 1942, and 22.2 percent above January 1941. Representatives of the various farm bureaus in the country charged the administration with failure to keep wages within the Little Steel formula. Unfortunately, statistics on the trend in rates since the establishment of the ceiling are not available. Statistics in weekly earnings per capita in 32 selected industries are available, and although there has been an increase in weekly earnings, it is due mainly to longer hours, overtime with higher rates of pay, increased production at incentive rates, upgrading, and other factors.

The recent increase in pay granted to the miners of this country and the present railway wage dispute certainly places the whole stabilization program in a precarious position.

If Congress passes the bill in its present form, it must assume the responsibility for its actions. It has been said that the executive branch of the Government has repeatedly told Congress that if Congress will suggest another way to hold down the cost of living without subsidies, and at the same time give the farmer a fair price and a sufficient price to encourage production of needed food, they would gladly accept an alternative that would get the job done. To date, no one on the Banking and Currency Committee—and, to my knowledge, no Member of the House—has presented a substitute plan.

It is, therefore, apparent that if Congress legislates that no subsidies may be used, Congress repudiates the administration's plan and assumes the responsibility itself.

I have never been in favor of roll-back subsidies, and many of the subsidies which are direct consumer subsidies. I do feel, however, that Congress could limit the total amount to be spent by the Government for subsidies, or support prices, and that Congress should lay down some standards as to how the money is to be spent.

In other words, subsidies should be restricted in their use. May I say that I am not alone in my views on this matter.

The very farm group which is urging the passage of this bill realizes that the sweeping subsidy ban proposed by subsection 3 might cause costly disruption and loss.

On Friday, May 28, 1943, Albert S. Goss, master of the National Grange, appeared before the Banking and Currency Committee and, among other things, made the following recommendation:

No funds shall be used to make loans on or to purchase any commodity for the purpose of supporting the price thereon if, at the time of purchase, any maximum price is maintained on such commodity lower than such support price, or if, at the time of purchase, it is contemplated to sell the commodity at less than the purchase price, except as shall be specifically authorized by Congress as to each individual commodity for which exception is made; provided, that in the case of any commodity which is used for more than one purpose the price may be so adjusted with respect to the different uses for which such commodity is sold that the total rates shall be not less than such support price.

Except as normal market conditions justify, no maximum price shall be placed on any commodity below the support price so long as the Commodity Credit Corporation shall hold any such commodity, either under loan or through purchase, it being the intent and purpose to avoid the use of public funds to prevent agricultural commodity prices from seeking a level necessary to secure adequate production for war purposes.

No direct or indirect subsidy shall be paid to any producer, processor, or distributor of any agricultural commodity upon which any maximum price is in effect, except as may be expressly authorized by Congress.

It is interesting to note that subsection 3 of this bill contains the prohibition requested by Mr. Goss, even to the extent that an exception has been made, as he suggested, for a specific commodity, namely, competitive vegetable oils.

Mr. Goss continues:

It is recognized that commitments may have been made and purchase or marketing plans may now be in operation which cannot be immediately adjusted to such a program without causing costly disruption and loss. It is, therefore, suggested that an exception be granted, as follows: Exclusive of losses on commodities in respect to which mandatory loans are applicable, the War Food Administrator may enter into such commitments not in violation of the purpose of subsection 3 as in his judgment are necessary to secure production of needed commodities for war purposes, provided that the total estimated losses under such commitments shall not exceed \$100,000,000. A detailed report on all transactions under this subsection shall be made to the Congress semiannually. Admittedly, the \$100,000,000 named above is a random shot. We believe the committee should find out the extent of the need and adjust the amount accordingly.

When Chester C. Davis was War Food Administrator, he made the plea, and I quote:

I hope the committee and the Congress won't divide itself into two hostile camps; one saying, "I am for incentive payments," and the other saying, "I am against incentive payments"; one saying, "I am for subsidies," and the other saying, "I am against subsidies."

Let us get the philosophy established for a coordinated program on inflation,

of which this is a part, and then give us a chance to use some reasonable common sense in their administration.

The present War Food Administrator, Marvin Janes, appearing before the Banking and Currency Committee, suggested the use of the Commodity Credit Corporation funds for a definite support price and expressed a perfect willingness on his part that Congress establish safeguards around the Commodity Credit Corporation's power.

If our price-control program was as flexible as that used in Canada, it would seem entirely proper to suggest that the cost of living index be tied to the wage ceilings; that if the index rises 1 percent or more that labor receive a bonus sufficient to absorb this increased cost of living.

However, the administration of a "hold the line" order in a country of 130,000,000, as compared to a country of 10,000,000, naturally presents many unforeseen ramifications. As I see it, the problem is not one of simply eliminating subsidies, but, rather, is one wherein Congress cannot consider subsidies alone but a long-range program of stabilization must include wage stabilization, an adequate tax program, and subsidies.

If the use of subsidies in a price-control program fails to stabilize wages, it contributes nothing to the general attempt to hold down inflation, and, as a matter of fact would contribute to inflation.

Lost in the shuffle, so to speak, is the average worker who has not shared in the pay gains among workers generally. This unorganized group has no representation to voice its woes, except through their elected Members in the House and Senate, and I venture to say that there is not a Member in this House who does not have in his constituency such a group. Estimates range from 15,000,000 to 33,000,000 in number. This is not a mythical group, but a bloc of hard-working Americans who have every right to expect a just and due consideration of their lot. Their plight, at present, is one of desperation. I give you the concern of the group as voiced by a constituent of mine, whom I shall call Mrs. X. I quote from a letter recently received from her:

I am getting constantly more and more concerned with the news all through the press of taking the lid off of prices and having inflation soar. We in the League of Women Voters have been striving very hard, as you know what it means to each and every individual in the country if we allow such a thing to happen, and yet, as we learn to understand the consequences, Congress allows pressure groups to work, John L. Lewis gets his licks in with Government, the hue and cry is for rising wages. It is all too horrible. Can't you do something? Can't you start more of a campaign in the House of Representatives to stop this inflation? We of the fixed income group—and there are millions of us—are caught between the higher and lower income groups. Our wages are frozen, with prices rising, and before long we won't be able to do our part by paying the rightfully higher taxes we now have and which we know should be higher. We are for a heavy tax bill, as much and more as we can stand, but what good does control of prices do if it is allowed to work alone without the

taxes to sift off the loose money floating around? It all seems so obvious back here in a small town and why we have to suffer the lack of good sense by most of those in Washington is more than I can hope to understand.

Yes, Mrs. X, I appreciate your predicament. So do many other Representatives. Evidence of this fact is now before this body in the form of proposed legislation offering a stamp plan to the low income group. But, to me, this is not a solution to your problem, for the cost of this plan would nearly equal the \$800,000,000 proposed to be spent for subsidies, with rising prices and wages depleting the buying power of every dollar you earn. I firmly believe that we can help your group if we continue to use all subsidies with definite restrictions prescribed by Congress.

It is my hope that the Members of the House will have an opportunity to record their votes on subsection 3 of this bill, if this section remains in the bill unamended. For, regardless of what this House decides is best for the Nation as it votes on the subsidy question, most of us are in agreement that the life of the Commodity Credit Corporation should be extended. My views as expressed here represent my firm convictions and what I believe is best for the Nation as a whole as we continue in this all-out war.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. DILWEG. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. My distinguished colleague from Wisconsin has used the figure of \$800,000,000. Does the gentleman believe that would be a sufficient amount to finance the proposed subsidies, or can we look forward to a much larger sum being asked for? My point is this: It would take the whole \$800,000,000 to subsidize this last subsidy on dairy products, if it were spread across the board to give every dairyman in the country the same subsidy that some of them enjoy.

Mr. DILWEG. My answer is that I am not concerned as to how much they might need or how much they think they need. If we put on this safeguard and limit the amount of money to be used for the purpose, that will answer the gentleman's question.

Mr. MURRAY of Wisconsin. Limit the amount of producer subsidies and limit the number of consumer subsidies?

Mr. DILWEG. Subsidies of all kinds, and if necessary put restraints on the use of the money besides restraints on the amounts of the subsidies.

Mr. BROWN of Georgia. Mr. Chairman, I yield 10 minutes to the gentleman from Nevada [Mr. SULLIVAN].

Mr. SULLIVAN. Mr. Chairman, the bill now pending before the House involves a proposal, upon the correct solution of which may depend, not alone our fortunes in the war, but our internal progress and prosperity in the peace to come. The war may be unnecessarily prolonged, with its daily burden of blood, sweat, and tears, and the recovery of the domestic economy may be so dislocated as to doom this country to another reconstruction era of dismal history.

The bill, ostensibly designed to extend the life of the Commodity Credit Act, which by virtue of previous legislation was doomed to expire absolutely December 31, 1943, has had a string attached to it so that, while its life is to be extended to June 30, 1945, by reason of amendment in committee, the practice of providing subsidies for the support of prices or to stop loss was prohibited.

The amendment was adopted by a vote of 16 to 10. The controversy is one involving the eternal conflict of ideas between producers and consumers. Eleven Republicans, one Progressive, and four Democrats voted against subsidies in committee. Ten Democrats voted for subsidies and against inflation. For some reason as yet unexplained, vegetable fats, oils, and oilseeds were allowed a continuance of subsidies, and the corporation was permitted to sell perishable fruits and vegetables, absorbing loss. Except for these subsidies, support prices and loss absorptions were prohibited.

The action and recommendation of the committee is plainly provocative of inflation. The pressure of surplus spending money against limited supplies of commodities in the absence of encouragement to produce as much as possible, can have no other effect than to break down all control over prices and open the door to competitive bidding with constant, ever-increasing prices. The cost of living must advance and the wage earner living on real rather than nominal wages will constantly demand that his nominal wages be increased to meet the constant increase in prices in the market place.

If the Congress should adopt the committee report it will mean that it has repudiated its order enacted into law requiring the Executive to fix and maintain ceiling prices on both wages and commodities in a heroic defense against inflation. The second Price Control Act, effective October 2, 1942, directed the President to stabilize prices and wages substantially as of September 15, 1942, with due provision for relief in cases of gross inequalities and inequities. The line thus set up was held with substantial integrity and has been held thus for a year. So long as price levels have been held, wage levels have been held, but it is now proposed that both be scrapped and that the only logical method of relief by way of subsidies to maintain and encourage production while saving loss in extreme cases of inequity will be terminated. Both the O. P. A. and the W. F. A., executive agencies set up to control prices on the one hand and to maintain production in the face of frozen prices, on the other, will be rendered helpless by the proposed amendment and the Price Control Act of 1942 may as well be wiped off the statute books.

Those who favor this proposed and revolutionary change in policy in the midst of emergency must be prepared to defend inflation—and inflation has always had the character of a run-away—and at the same time condemn subsidies. Both courses are logically involved and both attempts are inevitably doomed to failure. Inflation is indefensible. Subsidies are the only bulwark of price con-

trol. A doctrine of artificial scarcity of commodities, coupled with a doctrine of artificial expansion of the media circulating as money, points only to famine in the end. This is a time when food must be produced "to the uttermost" and compensation for that product must be stable and not a fraud that fails in its rewards for toil. In cases where the producer and consumer are the same man a fictitious price and a fictitious wage or return become both a sham and a mockery.

Those who compose the American public occupy two situations, one as breadwinners and another as taxpayers. In the latter capacity the costs of Government and the prosecution of the war impinge directly upon all and when the country is the main factor in the market for goods, services, and commodities the individual must concern himself not alone on his immediate prosperity and sacrifice in the daily affairs of life, but on his ultimate and secondary prosperity and well-being. The time has gone when any class of people can profit at the expense of any other class or by reason of national misfortune such as war. Sacrifice is demanded of all and in the allocation of sacrifice, whether in comfort or in fortune, must reach all. No one was born in this country and generation in order to live his life as usual, untouched by the universal needs and misfortunes. I should hate to consider that this country is so unstable or lacking in sturdy character that on the coming on of an emergency it should divide into blocs and pressure groups for the sole purpose of each saving themselves or aggrandizing themselves.

There are those who maintain that because the burdens of price and wage regulations come home to them, that the agencies of control are at fault. The fact is they complain not so much over their share of the burden, but that they have any burden at all. In the World War copper commanded a price of 35 cents a pound as against the present price of 12 cents; steel plate, \$180 as against \$42 per ton. If we had the absence of control prevailing in the last war instead of the control exercised by the O. P. A., the costs of living and of the war up to this date would have been greater by \$89,000,000,000. Real wages are substantially the same in a majority of cases. Only 18,500,000 workers out of a total of 43,500,000 are in a better relative position today than in August 1939. The farmer's net income is 75 percent higher. Corporate profits after taxes are 90 percent greater. Producers, however, insist in a short-sighted view of self-interest that they be allowed increases in wages and returns for crops and commodities. If there is any merit in their claims, then increases should go to all and then there would be no special privilege or advantage to any. What they mean to have is preferential treatment in some form or another so that while they are better off, or escape sacrifice, the remainder of the Nation shall continue to share the worse lot and to shoulder the greater proportionate burdens. Often they profess to see escape by saddling greater costs on the Government, forgetting that they must respond

in the end by way of increased taxes. And even here some classes look with expectation to the prospect of escaping taxes while other classes take up the added burden.

It needs no argument to demonstrate that inflation is indefensible. Inflation is always followed by deflation and when we have to pay back in dollars earned by greater labor, those loans obtained when labor commanded higher return in dollars, hardship and bankruptcies will result.

On the other hand, subsidies have historically been used to provide for the general welfare. The protective tariff is a classic example of subsidies which operate to enable manufacturers and producers to raise prices to a point not to be met by foreign competition laboring under tariffs on imports. The mail subsidies for ocean mails, not to speak of the practice of doing business at a loss in carrying second-class mail in order to assist in the dissemination of intelligence, is another instance. The whole history of the homestead laws, the railroad grants and reclamation and river and harbor improvements has been the history of taxation of all for the immediate benefit of a few designed to be reflected, however, in the increased prosperity and progress of all.

The Nation's total wage bill is \$100,000,000,000 a year. A 10-percent increase in the cost of living will increase this national wage by \$10,000,000,000. The Government itself, being the largest consumer of war goods, would pay 55 percent of this total bill or about \$5,500,000,000. The price increase could not be restricted to those goods upon which subsidies are now paid. Once the line is broken a general increase in food prices would result. The farmer, the worker, and industry exert tremendous pressure against the stabilization program. If a break-through occurs at any one point, all controls are threatened.

If this proposed amendment goes into effect, we shall see after December 31 of this year a large increase in the cost of living. This will be followed by a demand for raises in wages and the pernicious spiral in prices and wages will begin, with no end in sight. If we do not hold the line now under this tremendous assault, we shall never again have the opportunity to do so.

If this was a time of peace, I should not be disposed to interfere with the operation of the law of supply and demand, but with the war effort making demands on supply equivalent to the former pre-war demand, the added costs of inflation must be raised by taxation that reaches every consumer in the land, even the consumers who are also producers. In addition, there will be a tremendous tax by raising the market prices in dollars that must be later met when the dollars shrink to normal in volume of circulation.

As illustrative of the attitude of one section of the agricultural population of this country, I desire to insert at this time an abstract from the transcript of the hearings on this bill containing the testimony of Russell Smith, represent-

ing the National Farmers' Union, as follows:

Mr. SMITH. Mr. Chairman, the National Farmers Union favors the adoption without amendment of the proposal that Mr. Jones, War Food Administrator, has made.

I take it there are three principal points involved in his proposal. First, the extension of the life of the Commodity Credit Corporation. On that we think that a year and a half is a reasonable time.

Second, on the half-billion-dollar borrowing authority, we think that that is a minimum requirement in a war situation, and we hope it will be included.

Third, on the authority to sell perishables below parity, when they are in danger of deterioration, we feel is only reasonable administrative leeway. We think the potato situation this year illustrated the very high desirability of that provision.

Now, there has been one amendment proposed during the hearings as to which the National Farmers Union would like to go on record as being opposed. That is the proposed amendment which would not permit the fixing of a price ceiling below a support price for a commodity. We think that is unworkable administratively.

Second, we think it would lead us right back into another inflationary spiral. On every commodity that was involved, we feel the Administrator would be faced with an almost impossible decision, namely, whether to break the price ceiling or whether to pay the support price. The net result probably would be that there probably would not be very many actions of any kind taken. So that what you would come out with from the farmer's standpoint would probably be a reduction in farm income. From the consumer's standpoint, you would probably come out with higher prices.

I would like to read to the committee one paragraph pointing out that administrative difficulty:

"The provision would not only immediately increase the cost of living but it would make it impossible for us to adopt support programs needed to increase production without causing a still further rise in the cost of living. Undoubtedly if we must in each case weigh the advantages of a support program against the disadvantages of an increase in the cost of living, many support programs which might otherwise be adopted will be rejected, and other support programs, although finally adopted, will inevitably be delayed."

That is from the President's veto message of last July, when such a provision was incorporated in the Commodity Credit Act of that month.

Now on the general question of subsidies, support prices, and so forth, we feel that right now for the first time in the war situation most of the economic factors involved are beginning to level off. Nonfood prices are leveling off, farm prices are leveling off, so that if the line can be held we think it would be for the public good.

We would like to point out, too, that there is a factor in the leveling off of farm prices which is unpredictable. Right now there is a considerable seasonal element in the stability of farm prices. In other words, if all the other factors were the same and this were 3 months later in the year, it is not at all certain that we would have as good a record on food prices as we have now.

We feel that looking at this situation purely from the farmer's standpoint he has everything to lose by a general breaking of ceilings, which we feel is very likely to follow if the precedent is set by this committee in the consideration of this legislation.

The farmer always loses first going up, and he always loses first coming down.

Second, on the purely income value of the subsidy, as opposed to the rise in prices, we believe that ordinarily a subsidy channels money directly to the producer, and ordinarily any price rise is diluted. By the time the farmer gets his cut from the increased price, it is usually less than he would get if the subsidy would come directly into the farm.

Finally, as a taxpayer, we believe the farmer better off.

The Congress, I believe last spring, passed a military bill of \$69,000,000,000, approximately. Now in 1941 the wholesale commodity index stood at about 127. At the time that bill was passed it stood at 152. In other words, that was just about a 20-percent increase. If the \$69,000,000,000 bill had been passed in 1941, and assuming that labor and other factors were roughly in that same range, 20 percent, then obviously the National Government would save \$13,800,000,000, which now has been added to the national debt. That comes out of farmers, as taxpayers, just the same as it comes out of any other taxpayer.

That is all I have to say, Mr. Chairman.

There you have the views of a farm organization as to the advantages of subsidies.

In conclusion, in my opinion, there is but one issue here. Do we want inflation or do we fear and repel it? Congress has already ordered prices stabilized. Is there enough heat in certain sections of this country to defrost prices and send the mercury in the economic thermometer up to the point where it will break the top?

Mr. CRAWFORD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Pennsylvania [Mr. SNYDER].

Mr. SNYDER. Mr. Chairman, I asked for this time today to present an informal committee report to the House. The time is opportune, since we shall soon become engaged in the consideration of another tax measure, and, consequently, Federal finances generally.

The need for the forthcoming tax measure grows out of the war in which we are now engaged. The cost of its prosecution is daily mounting and no one at this time can even approximate the ultimate total.

The Committee on Appropriations, and more particularly the military subcommittee thereof, of which I have the honor to be chairman, have been the agents of the House in determining the amount of public funds that should be made available to the Army for the prosecution of the war; and, in that capacity, have had a large responsibility in the size of the debt the war has entailed, and, therefore, in creating the need to provide ways and means for its liquidation.

We recognize that responsibility and have conscientiously endeavored to discharge it; with the best interests of the country as a whole ever foremost in mind and deed. Whether or not we have done our job well, I shall leave to the judgment of others. It would seem appropriate, however, to call attention to the fact that every regular annual military appropriation bill we have presented to the House since Pearl Harbor, has had the unanimous support of the House, as evidenced by recorded votes, except that there was one vote cast against the bill for the fiscal year 1942.

In writing the wartime military appropriation bills, Mr. Chairman, we have not proposed to the House an appropriation for a single project which had not been justified to us by our military leadership as being essential to the war effort.

The aggregate of military appropriations has been large. Tersely, that is because of global warfare and modern military implementation. For the period July 1, 1940, to date, the total, roundly, is \$127,000,000,000.

The current fiscal year's portion of that aggregate is \$59,034,839,673. That amount astounded us as much as it astounded you. We spent many days going over the details with Army chieftains. My subcommittee does not take anything for granted. The Chief of the Army Service Forces, General Somervell, told us, referring to the total of the appropriations requested for the current fiscal year, that such amount, and I use his own words, "can and will be obligated in full by June 30, 1944."

At that time the Allied armies had just ridden north Africa of Axis forces. The drive across the Mediterranean had not begun. Our Air Forces in Britain and north Africa had not then approached their present magnitude or striking power; we had not progressed much beyond Guadalcanal in the Solomons, and the German submarine continued to be a serious menace to the expansion and supply of our own forces across the Atlantic and in getting aid to our allies. We were then, I might say, as it has since developed, just at the threshold of the events which in recent months have inspired us all.

In such circumstances, my colleagues, is it conceivable that any red-blooded American would have denied a dime in the face of assertions of need by the best military minds we had? We did not, except in a few instances where there was no demurral on the part of the War Department, and you, with one voice, endorsed our course.

Happily, much has transpired since that time, Mr. Chairman. The American Army today is really on the march. With our British allies it is striking at the German citadel from the air in ever-increasing volume and effect, and jointly with our British allies, it is steadily advancing up through Italy on the ground. North Africa has been turned from a battleground to an operating base. The submarine has been checkmated, sea lanes have been shortened, and water transport now moves with comparative safety. In the south or southwest Pacific, Allied forces have been advancing up through the chain of islands lying north and northeast of Australia, and judging by latest dispatches, the time is not far distant when the Japanese will be dispossessed of all important holdings and strategic bases from Guadalcanal on the east, to the western tip of New Guinea on the west. The record of successive accomplishments is a grand tribute to American arms.

Today therefore, Mr. Chairman, were we writing the current Military Appropriation Act, we would be able to capitalize on these changes that have so

greatly altered the situation obtaining but a few short months ago. We are going to capitalize now, however, in another way, as I shall explain in a moment.

General Marshall, Chief of the War Department General Staff, in his biennial report covering the period July 1, 1941 to June 30, 1943, paved the way for some very substantial economies. Let me read two or three passages from that very splendid and comprehensive document:

It is difficult to keep in mind the constant changes in the international situation and in the development of trained troops and munitions which dictated the succession of decisions and actions. For example, in the light of the situation today, the summer of 1943, we are not justified in maintaining large air and ground installations in the Caribbean from Trinidad north to Cuba and even in the Panama Canal Zone itself so far as mobile ground forces are concerned.

Here is another:

Our deployments were made in the light of limited resources in troops and equipment at the time and a continuing lack of sufficient ocean tonnage or landing craft, or both, and were influenced also by the length of turn-around required of ocean shipping and the limited docking facilities in many ports. As these conditions changed our strategic approach to the war was altered accordingly. The recent opening of the Mediterranean to convoys, for instance, has profoundly affected the logistical possibilities in this world-wide war.

And lastly, still quoting from General Marshall's report:

Another factor is now operating to our advantage. We are reaching the end of the expansion; already it has been possible to reduce many training installations to a purely maintenance basis to furnish replacements for the present strength of the Army.

Largely in consequence of the foregoing, immediately following our recent recess, the chairman of our naval subcommittee, the distinguished gentleman from California [Mr. SHEPPARD] and I, as chairman of the military subcommittee, after counseling with the gentleman from Missouri, Chairman CANNON, put our heads together and determined that each of us would review the appropriations earlier made available for the current fiscal year. Accordingly my colleague called on the Secretary of the Navy and I called on the Secretary of War to have a restudy made of fiscal needs in consequence of changes in the war situation with view to a formal inquiry by our respective subcommittees. The Navy study is still in process, I am advised, although an advance report did make it possible, in writing the deficiency bill just passed a few days ago, to use \$750,000,000 of funds appropriated for Navy ordnance to increase the capital of the naval stock fund, instead of doing so by way of a new or additional appropriation.

As a result of the study made by the War Department, the Secretary of War transmitted to me on November 3, 1943, a statement of currently available military appropriations which it had been found practicable to transfer to the Bureau of the Budget reserve. Such transfers aggregated \$10,943,519,449.

Commencing last Monday morning the military subcommittee of the Committee on Appropriations convened to examine the statement and to ascertain whether or not it would be practicable to place additional amounts in such reserve. We had before us the deputy chief of the War Department General Staff, Lieutenant General McNarney, Under Secretary of War Patterson, and a host of other officers of the War Department, including several branch chiefs. In consequence of our inquiry, which extended over 3 days, the Department has consented to add an additional amount of \$2,220,000,000 to the Bureau of the Budget reserve, making a grand total of \$13,163,519,000.

The contributing factors are:

First, reduction in military personnel strength. We appropriated for a force of, roundly, 8,200,000 officers and men. By reason of subsequent war developments, a reduction of 548,000 has been determined upon by the War Department high command. That means a saving in pay, travel, subsistence, clothing, and so forth of \$1,946,039,000.

Second, curtailment of the armament and equipment programs, \$8,262,759,000.

Third, reduction in facilities, including maintenance, \$780,447,000.

Fourth, modification and possible permanent deferment of the airplane program, \$2,086,069,000.

Fifth, miscellaneous projects, \$88,205,000.

The total, as I stated before, is \$13,163,519,000.

Now, what do these reductions mean, Mr. Chairman? They mean that unless some unforeseeable situation should arise, all of the 13 billions-plus will revert to the Treasury on next July 1, and that our ultimate debt will be diminished by a corresponding amount, and hence our tax levies over the years will be to that extent lightened.

We were assured that in the light of conditions presently obtaining, this vast amount can be given up without in the least impairing the war effort of ourselves or of our allies; without in the least impeding the expeditious and vigorous prosecution of the war.

I am sure, Mr. Chairman, that this will be welcome news to all who are disturbed over the mounting public debt, and all of us should be so disturbed. It has no immediate bearing upon the need to raise additional revenue, but it means that some day there will be that much less debt to be liquidated and, consequently, a lesser amount of taxes to be paid ultimately.

The amount is equivalent, approximately to 33 percent of the estimated Treasury receipts from all sources during the current fiscal year, according to a statement issued by the President on July 27 last. It exceeds by \$6,086,091,333 the total amount actually received through direct taxes on individuals during the fiscal year 1943.

Perhaps I should explain before concluding that a Bureau of the Budget reserve means the removal of funds from control of the agency for which appropriated. No part of amounts so reserved

can be obligated without release by the Bureau of the Budget. In this instance, however, there will be an additional step, because the Department has signified that it will not seek the release of funds of any magnitude should subsequent events make such course necessary, without conferring with the subcommittee of which I am chairman.

Mr. Chairman, in conclusion, I wish to say to the House that the War Department has not been coerced into giving up this money. The War Department itself, took the initiative and has established a procedure whereby additional amounts will be placed in the Budget Bureau reserve from time to time as and when circumstances may be justify. The Department has an exceptionally capable official in Brig. Gen. George J. Richards, Budget officer of the War Department General Staff. The committee feels that, working with and under the direction of the General Staff, General Richards may be relied upon to handle the purse strings as economically as may be consistent and practicable under war conditions.

Mr. BROWN of Georgia. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. FOLGER].

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. FOLGER. I yield to the gentleman from Pennsylvania.

Mr. WRIGHT. I happen to be quite well acquainted with the gentleman and know he is a conscientious follower of the principles of Thomas Jefferson. I believe the gentleman is going to speak in defense of the subsidy program. Would he, with his beliefs, consider that the subsidy program involves this country in State socialism, as has been charged?

Mr. FOLGER. My answer to that would be, that if I thought that, I do not think I would be here speaking as I propose to.

Mr. Chairman, the observation has been made during the debate on section 3 of the Commodity Credit Corporation bill that it was not desired to talk about the war. We have to think about the war. I doubt if I would find myself able to go along to any extent on the position I am about to take in reference to this section if we were not in war. But we are in war, and war is costing this country vast amounts of money. While we know what will be the end, that we shall accomplish a glorious victory, we do not know when that end will be. It is, therefore, quite apparent to all of us that many more billions of dollars will have to be spent in the prosecution of this war. Therefore, it becomes highly important to all America to consider that we are in war when we talk about this bill which would continue the life of the Commodity Credit Corporation.

Mr. Chairman, I do not know whether the percentage is 35 or 40 or 50 or 60, but it is true and acknowledged that the Government, itself, at this time—and it will continue to be, particularly so long as this war lasts—is a great purchaser of goods of every sort. Do we propose to sit still and allow prices to soar to the

point where foods will cost three times as much as they do, where clothing will cost three to four times as much as it does, where tanks and guns and planes and munitions of war will soar to where we shall have to pay four or five times as much as we are now having to pay?

These things will come to pass if we allow unbridled inflation to grip this country in this time of peril. Mr. Chairman, the war, therefore, does make it highly important that we give attention to the question of inflation, which so definitely threatens us. It has been put to you in another way, but I have thought of it in this way: We will either have to abolish the Office of Price Administration and let prices soar as they may, or make production or incentive, or, if you want to call it that, subsidy payments, on some articles of food, in order to get production, unless we take it out of the hides of the farmers of this country. As sure as you live today, this section 3, which is written into this Commodity Credit Corporation bill, will actually prohibit support and incentive payments which we have to have to get production, unless we pauperize the farmers of the country in the name of patriotism. What are you going to do? Are you going to allow prices to soar and the Government have to pay two or three or four times as much for goods and materials as it now pays, as well as the people themselves, or are you going to make a subsidy payment, if you want to call it that, here and there, in order to control the over-all rise in prices to prevent inflation, or are you going to say to the farmer that in the name of patriotism he may go ahead and produce but that we will take it out of his hide and will not give any production or incentive payment or consideration to him? We have to do one of these things.

Mr. Chairman, I am going to express on my part a little confidence in the honor and integrity of the men who appeared before the Banking and Currency Committee and testified to us that there is no proposal, there is no program, no thought of a program to indulge in unrestrained subsidy support or incentive payments which are pictured as very highly detrimental to the economy of this country, and probably so. When I heard Fred Vinson before that committee testify it was not the purpose of this administration or himself or any other man connected with it to indulge in unrestrained subsidy payments I believed him. He requested and begged and pleaded with us to trust him, as well as Mr. Byrnes, and Marvin Jones, and even, if you please, the Director of the Office of Price Administration, Director Bowles, all of whom I believe to be honest and fair and true to the American people in this situation, in their desire to control the threatened danger of inflation, and the spiral in wages which will submerge the economy of this country, and make us unable to carry on the war. I do not believe that these men were trying to deceive the members of the Banking and Currency Committee when they promised us that they not only would be careful, but exceedingly careful in using any

payments that were called subsidy payments.

We are not talking about consumers' subsidies all the time. We are talking about these payments. Remember that there are a great many of our people who are our brothers, who are entitled to our consideration, so we are the power that holds the destiny of them in our hands, as well as others. It is said that there are from fourteen to seventeen million of these people who have received no substantial increase in their income—whom we refer to as the white-collar men—who have not had increases in wages, and who are destined to be pressed to the stage of pauperism unless we do something about the rising prices that are threatened. The very greatest importance attaches to this program which Mr. Vinson and Mr. Jones and others have asked us to allow them to deal in with care, so that it will have the effect of preventing inflation, and not be taking it out of the hides of the farmers but a small payment on this commodity and that, here and there, made to prevent a general rise in prices in everything.

When it starts it is like a judge in my State, talking about the statute of limitations—and I mean it politely; I do not like to deal in anything bordering on profanity—said, "When it starts, all hell cannot stop it." We are all working to the same end. We are all hoping that this economic disaster may not overtake us. You have got to do one of three things. You must take the price ceilings off and let it rise, or you must take it out of the hides of the farmers, or you must provide a means in between the two where neither will be done; and we can go along in a reasonable way in view of the war that we are in and we will have to continue to provide for our farmers and keep down inflation and let our people live.

And when inflation comes, if we allow it, the farmer will be the first man to bear its evils. As he may receive a rise of 10 percent in what he sells, he will pay double, or more likely four times more, for what he has to buy—machinery, clothing, shoes, hats, dress goods, everything his family must have to live on and his dollar is worth 25 cents instead of a hundred.

And all along the line it will affect us all; and that effect will be disastrous. Let us, in this as in all things, apply the rule of reason and reasonableness.

Mr. BROWN of Georgia. I yield 2 minutes to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Chairman, if we visualize the stabilization line as the starting gate of a horse race we will have an appropriate picture to describe the national scene at the present time. Every analogy limps, of course, but the sight of various forces, tensed and excitable as thoroughbred horses straining at the leash, leads to the inevitable conclusion that if one of these forces breaks the others will rush in pursuit. This figure does not clearly signify the inflationary spiral which will ensue if present controls are broken, but it may serve to

remind us that various groups of our Nation are vying in competition with one another, having abandoned mutual accord and self-sacrifice. And it is pertinent to point out too that the income of our people is absolutely, inexorably tied up in this contest, and the Federal Government is dually involved, not only as the protector of the private dollar but also as the greatest investor. But the tragedy in this contest will occur only if the starting flag is waved.

One of the dangers of the heightening of this competitive drive is that the significance and meaning of the entire problem is lost in the jockeying and maneuvering that has arisen. The fight against inflation has become, or at the very least gives ominous threat of becoming, a battle royal which bruises all and benefits none. And I am gravely fearful that the ban on subsidies on food, which represents the objective of one or more of the vying forces, will act in the same way as the stone which Jason threw among the armed soldiers which led to a thoroughly effective mutual self-slaughtering. But there are other Jasons and there are other stones poised. This then is a crisis.

I say we have lost a comprehensive picture of the whole situation; we have lost sight of the objective for all, namely the control of the inflationary spiral. For instance, we are forgetting that subsidies are but one aspect of the common struggle. We are also forgetting that subsidies are an important integral part of that struggle. To ban subsidies is to throw down the flag that signifies the start of the self-defeating struggle.

It would be a sufficient argument against banning subsidies to recognize the manifest truth that the precarious balance which we have been holding in maintaining the stabilization line would be broken down completely if the forces for inflation achieve their purpose. Examples recent and ancient testify to the exactness of the figure contained in the phrase "inflationary spiral." Costs, wages, and prices chase one another in an ever-increasing ascent when restraint is broken until the exhaustion of the effort succumbs to a break in confidence and all involved in the grim circular ascent realize painfully the futility of their chase. Then the accumulated possessions which they have picked up in the pursuit are not sufficient to purchase a drink of water to quench their thirst.

This is highly figurative language, and it fails to reveal the reality of privation forced particularly on those who are left behind. Our attention must be drawn now to those who have already been outstripped. A ban on subsidies would give wings to food prices and would ultimately make of the Little Steel formula an abandoned bastion which had been sacked before being overrun. But there are fourteen millions of our people for whom the Little Steel formula has had no personal application as a fort in which they could take shelter. Our aged people, our pensioned people, our people with anchored incomes constitute not a small segment of that group. The pension is either a sinecure against privation as a minimum reward for long years

of faithful service or an acknowledgment by all the people of their debt to veterans of former wars and their families. To ban subsidies, and thus to give free rein to mounting costs would be to place an inhumane heel on the shoulder of the tied victim of a minimum income in our selfish effort to jockey for an inside position in the panicky race.

But there are many others who are tied to the ground during these days. They include the great majority of what we term the middle class, although this phrase is gratuitous during these days. In plain terms they are the families who are dependent on allowances and allotments because the principal wage earner is in the service. They include the public servant whose duties are multiplied during these days, whose sacrifices have already been great and who is asked now not for further sacrifice, but for surrender. To ban all subsidies is to use a whip in the double role of driving the leader ahead and lashing the victim behind in the runaway. Not only does the wheel that does the grinding get the grease, but the wheel that has stopped grinding because it has stopped running is thrown into the discard. But we are dealing with humans, which thought may bring the comparison into some focus. It should be emphasized too that organization has demonstrated its ability to do some artificially created grinding. We have had evidence of that during the debate on the present bill. And, the grinding has certainly not been harmonious.

The efficacy of subsidies has been demonstrated repeatedly on the floor by many of my more learned colleagues. But I would emphasize the necessity of subsidizing, at the barest minimum, specified and unquestionably essential foods. The opponents of this absolute necessity present many arguments to support their contentions that subsidies are dangerous impositions or needless remedies. I direct their attention to the most manifest and most significant factor that we have reached an alternative between subsidies or chaos. Whatever figure we employ to describe the situation, the spiral, the race, the panic, all signify the clear conclusion that to break the line means to invite chaos. This is the consideration above all others which must be borne in mind. We have fought inflation and its consequences with patchwork methods and have suffered hardships at home; we have been forced, some of us, to accept inequities. But we have kept some balance. But there can be no balance on a spiral. Only a small percentage strike it rich in a gold rush. The deliberate choice for chaos involves a responsibility which I would certainly hesitate to assume, and I urge the Members of the House not to invite it either.

Even if the crisis were not so grave and the alternatives not so clear, I would support a subsidy program designed to prevent inflation. But small question can be raised that this is not a serious crisis and that the issues are not clear. Consequently, all other arguments which do not take this basic alternative into con-

sideration are more or less irrelevant. They are skirmishes, skillful perhaps and capable, but they have not joined in the crucial battle and are inconsequential to its outcome.

The prudent, discriminate, and effective use of subsidies is an important part of our fight against inflation, to be employed together with increased taxation, price control, rationing, and the sale of Government bonds to minimize the threatening gap between supply and demand, between the limited quantity of available goods and the increased income to purchase those goods. All these controlling forces have been assailed again and again; of late the assaults have been more determined, more threatening, more insistent. We have reached the critical stage where a breakthrough at one point would force a break all along the line. I can see little possibility of an ordered retreat to another strong line of defense. There are no natural barriers to fall back on nor any prepared line of defense ready to withstand the assault, particularly when it has gained impetus. The forces which threaten the line have deliberately whetted their appetites; in fact, they remind us of Shakespeare's phrase, "As if increase of appetite grew by what it fed on."

It may be vain to point out the alternative. It may be that the opponents of subsidies have realized the consequences which will result. It may be that they anticipate a break in the stabilization line and are determined to be in the front if the break occurs, "Let the devil take the hindmost." I greatly fear that he will, for he can appear in many different guises. But the alternative remains clear in my mind. Not that I would resign myself to chaos if this line is broken. We fight with all our resources against disorder and breakdown. But the fight is dangerously close to being futile once the race is begun.

Mr. WOLCOTT. I yield 5 minutes to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, next year's program of drilling wells, as drawn up by the Petroleum Administration for War, is 24,000 wells. This was stated recently by the Director of Production of P. A. W.

The division as to kinds of wells is 5,000 wildcats and 19,000 development wells in fields already found.

That is the program. I believe it will fall far short of being carried out unless there is an improvement in the price of oil great enough to justify the increased drilling. It is a considerable increase that is called for. It is about 7,000 more than will be drilled this year and, as to the 5,000 wildcats on the program, it is about 1,600 more than will be completed this year. The Petroleum Administrator early in 1943 made a plea for at least 4,500 wildcats and the number that actually will have been drilled when the year closes will be about 3,400.

So, the projected program of drilling for next year is on order. It is a program that reflects the necessity of the case, but the essential thing that would

make it possible is being ignored. Man-power, materials and equipment, they assure us, will be available—everything except money. The oil producers want to drill and to supply the Nation's oil needs. They know the places to drill and they know how to make old wells produce more, but merely knowing how will not add a barrel to the supply. It takes money to put the knowledge into operation. The oil producer does not have the money.

This was recognized by the Director of Economic Stabilization in turning down the general price advance repeatedly recommended by the Petroleum Administrator, numerous committees of this Congress, all elements of the oil industry, and the State officials who deal with oil problems every day of their lives. The Director of Economic Stabilization made one decision, that no price increase was needed, then admitted that the industry is not getting in enough money to increase its efforts when he told the Petroleum Administrator to invent some kind of a subsidy program for wildcatting and for the preservation of the stripper wells.

There is no plan, no authority and no money for any such scheme. The Petroleum Administrator, who has previously condemned such subterfuges and evasions of a simple issue, said in a Chicago speech on November 11:

Obviously, an attempt to invent such plan or program is the next step.

Note the words, "attempt" and "invent." That sounds as though he does not believe in the scheme any more than he did last summer when he wrote to Prentiss Brown on the subject.

He will attempt to invent a plan. There is no plan and nobody has even a foggy notion of how to make one. The oilmen and all those others I have mentioned have a plan. It is simple and self-executing. Raise the price. That has always worked. That is how they found the oil for the other World War. Nobody was around then proposing any game of trading financial moonbeams for oil rainbows. The producer was allowed a price that would let him pay for the extra drilling he was asked to do.

Who knows what this vague scheme of incentives would cost? Nobody knows. They have kept on yelling over at the O. P. A. and at the Office of Economic Stabilization that a price increase of 35 cents a barrel for crude oil would cost the Nation a half billion dollars. Still, they blandly propose something that could not cost any less. Last year, again quoting the Director of Production of the P. A. W., it cost \$308,000,000 in discovery costs alone. For next year's program, it is recommended that 2,000 more wildcats be drilled than in 1942, so add two-thirds on the discovery bill, for the 1942 program was 3,000 wildcat wells. Already, you cross the half-billion dollar mark. If this money is to come out of the Federal Treasury, where is the economy to the consumer who gets the bill in taxes? True, some part of the program would be paid by industry itself, but there probably would be enough of it added to the debt, plus the relief for stripper wells, to match the figure they assume

the Nation would pay by direct price increase.

The important thing about a price increase is that it would work and get results, and a subsidy would bog down in the same swamp of bureaucratic delays, red tape, and vacillations as the rest of their programs already have. Look at their performances in other lines and judge whether you want them to bungle around any longer with this vital question of oil supply.

Last Tuesday, the Honorable WRIGHT PATMAN, the distinguished Member from Texas, spoke at some length in support of subsidies. In the discussion which attended his remarks, the Honorable GERALD W. LANDIS, of Indiana, asked this question:

Is the gentleman in favor of subsidies on oil?

To which the gentleman from Texas [Mr. PATMAN] replied:

I am in favor of subsidies on anything that will encourage production without increasing the cost of living. You see, we have to have some kind of standard or guide to go by. I ask the gentleman now, and I ask any person present here, if he can name any way on earth that you can hold down the cost of living and encourage production without the use of a subsidy. I yield to any person who says he has a plan.

He thus gave his approval to subsidies in the oil industry. Yet, in an interim report of the Committee on Small Business, of which the gentleman from Texas [Mr. PATMAN] is chairman, under date of May 10, 1942, the following conclusion was stated:

That subsidies and bonuses are untried in the oil industry and unworkable and undesirable for the general purposes now needed.

I do not know which of the gentleman's views to accept as being his firm opinion. I know what the men of experience, the doers, and not the theorists think of subsidies. They are in entire agreement with the expression of the Small Business Committee, which I have quoted.

We will not drill the number of wells which the Petroleum Administrator recommends in 1944 under the present price, nor will we maintain the small wells of the Nation in production. These wells produce 15 percent of today's supply of oil in this country. They are dying every day, and thousands have been sold to the salvage dealers this year. Each one that goes takes away some quantity of oil from the Nation's supply. The production from a single well which produces but 1 barrel a day supplies the gasoline for 50 A-card consumers in the East, besides the other products which come from oil.

The need is for more oil. It must come from fields yet to be discovered and from those now producing. Supply can be increased from both sources, but not under this price or through some weird and complicated system of subsidies or bonuses.

Mr. BROWN of Georgia. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H. R. 3477, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. MARCANTONIO. Mr. Speaker, I ask unanimous consent to extend my remarks on two separate subjects and to include therein letters written by me and letters addressed to me.

The SPEAKER. Is there objection?

There was no objection.

Mr. ROWAN. Mr. Speaker, in connection with the Lea aviation bill, H. R. 3420, I desire to extend my remarks and include a telegram, a letter, and an editorial from the Chicago Daily News entitled "The Lea Bill."

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. JOHNSON, of Indiana, for November 19, 1943, on account of official business.

To Mr. O'LEARY, of New York (at the request of Mr. DICKSTEIN) indefinitely, on account of illness.

ADJOURNMENT

Mr. ROWAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 20 minutes p. m.), the House, pursuant to its order heretofore entered, adjourned until tomorrow, Friday, November 19, 1943, at 11 o'clock, a. m.

COMMITTEE HEARINGS

COMMITTEE ON FOREIGN AFFAIRS

The Committee on Foreign Affairs will begin public hearings on Friday, November 19, 1943, at 10:30 a. m., on House Resolutions 350 and 352, providing for the establishment by the Executive of a commission to effectuate the rescue of the Jewish people of Europe.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DOUGHTON: Committee on Ways and Means. H. R. 3687. A bill to provide revenues, and for other purposes; without amendment (Rept. No. 871). Referred to the Committee of the Whole House on the state of the Union.

Mr. WALTER: Committee on the Judiciary. H. R. 3270. A bill to affirm the intent of the Congress that the regulation of the business of insurance remain within the control of the several States and that the acts of July 2, 1890, and October 15, 1914, as amended, be not applicable to that business; with amendment (Rept. No. 873). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGHTON:

H. R. 3687. A bill to provide revenue, and for other purposes; to the Committee on Ways and Means.

By Mr. FAY:

H. R. 3688. A bill to change the name of "watchman" in the Postal Service to that of "post-office guard"; to the Committee on the Post Office and Post Roads.

H. R. 3689. A bill to provide 6 months' pay to all honorably discharged veterans of World War No. 2; to the Committee on Military Affairs.

By Mr. HOBBS:

H. R. 3690. A bill to safeguard the admission of evidence in certain cases; to the Committee on the Judiciary.

By Mr. RANDOLPH:

H. R. 3691. A bill to permit the construction, maintenance, and use of certain pipe lines for steam-heating purposes in the District of Columbia; to the Committee on the District of Columbia.

By Mr. SATTERFIELD:

H. R. 3692. A bill to provide for National Guard and Reserve officers, who have served in two wars and have reached the age of retirement while in active service, the same pay and allowances as are applicable to officers of the Regular Army upon retirement; to the Committee on Military Affairs.

By Mr. CANNON of Missouri:

H. R. 3693. A bill to aid in the stabilization program and the war effort by paid newspaper advertising in connection with the sale of United States bonds, and for other purposes; to the Committee on Ways and Means.

By Mr. JARMAN:

H. Con. Res. 57. Concurrent resolution authorizing the printing of additional copies of the hearings held before the Committee on Ways and Means of the House of Representatives, current session, on the bill 3687, Revenue Act of 1943; to the Committee on Printing.

By Mr. LANHAM:

H. Res. 358. Resolution to establish an Office of Fiscal Investigations as an agency of the House of Representatives; to the Committee on Accounts.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FORAND:

H. R. 3694. A bill for the relief of Charles Myers; to the Committee on Naval Affairs.

By Mr. CURLEY:

H. R. 3695. A bill for the relief of the estate of Thomas Shea, deceased; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3616. By Mr. Schiffer: Petition of Jiosep Consalvo and other citizens of Follansbee, W. Va., opposing House bill 2082; to the Committee on the Judiciary.

3617. By Mr. Case: Petition of J. M. Tucker and 50 other residents of Edgemont, S. Dak., urging prohibition for the duration of the war, or at least a rationing of liquor to avoid the use of essential food and materials in liquor manufacture and distribution; to the Committee on the Judiciary.

3618. Also, petition of Mrs. Wayne Morrison and 117 other residents of Sturgis, S. Dak., urging the enactment of House bill

2082, to prohibit the manufacture, sale, or transportation of alcoholic liquors in the United States for the duration of the war and until the termination of mobilization; to the Committee on the Judiciary.

3619. By Mr. STEFAN: Petition of Charles H. Foe and 17 other citizens of Polk, Nebr., urging enactment of House bill 2082; to the Committee on the Judiciary.

3620. Also, petition of Mabel Stevens and 34 other citizens of Polk, Nebr., urging enactment of House bill 2082; to the Committee on the Judiciary.

3621. Also, petition of Arthur W. Larson and 19 other citizens of Polk, Nebr., urging enactment of House bill 2082; to the Committee on the Judiciary.

3622. Also, petition of Josephine R. Lindburg and 36 other citizens of Polk, Nebr., urging enactment of House bill 2082; to the Committee on the Judiciary.

3623. By Mr. SMITH of West Virginia: Petition of the Boyd Memorial Sunday School and Randolph Street Advent Sunday School members, Charleston, W. Va., urging the passage of House bill 2082, the Bryson bill; to the Committee on the Judiciary.

3624. Also, petition of Mrs. C. A. Sinnett and other citizens of North Charleston, W. Va., urging the passage of House bill 2082, introduced by Hon. JOSEPH R. BRYSON, of South Carolina; to the Committee on the Judiciary.

3625. By Mr. GRIFFITHS: Petition of sundry citizens of Licking Township, Muskingum County, Ohio, supporting Senate bill 860 which would give legal protection from the traffic in all alcoholic beverages and from commercialized prostitution in and around Army training camps and all military and naval centers; to the Committee on the Judiciary.

3626. By Mr. COCHRAN: Petition of George Boswell and 18 other St. Louis citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3627. Also, petition of Victor Marino and 35 other St. Louis citizens, protesting against the passage of House bill 2082 which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3628. Also, petition of C. S. Lawton and 22 other St. Louis citizens, protesting against the passage of House bill 2082, which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3629. Also, petition of the Krey Packing Co. and signed by 95 St. Louis citizens, protesting against the passage of House bill 2082, which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3630. Also, petition of the Mayfair Hotel and signed by 60 other St. Louis citizens, protesting against the passage of House bill 2082, which seeks to enact prohibition for the period of the war; to the Committee on the Judiciary.

3631. By Mr. FORAND: Petition of Guyan Mills, Inc., Valley Falls, R. I., and employees, protesting against the statutory increases in rate of the Federal old-age and survivors insurance tax effective January 1, 1944, and requesting the Congress to freeze this rate at 1 percent for the duration of the emergency, because various and sundry taxes are already extremely burdensome, and this particular tax will double the income from this source, which is already ample for the purpose intended; to the Committee on Ways and Means.

3632. By Mr. CASE: Petition of Mrs. Hiram Crow and 67 other members of Townsend Club, No. 1, of Lemmon, S. Dak., urging support of House bill 1649, the Townsend bill; to the Committee on Ways and Means.

3633. Also, petition of Mamie B. Long and 11 other members of the Townsend Club of

Martin, S. Dak., urging support of the Townsend plan and House bill 1649; to the Committee on Ways and Means.

3634. Also, petition of Harry C. Burntrager, adjutant, Captain Jack Foster Camp, No. 3, United Spanish War Veterans, Department of South Dakota, at Hot Springs, S. Dak., and other citizens of Hot Springs, requesting favorable consideration by the House of Representatives on House bill 2350, the Buckley bill; to the Committee on Pensions.

3635. By Mr. McCOWEN: Petitions signed by 443 persons of Clermont, Brown, Scioto, Adams, and Highland Counties, Ohio, urging passage of the Bryson bill, H. R. 2082, which would prohibit the manufacture, sale, or transportation of alcoholic liquor in the United States for the duration of the war and until the termination of demobilization; to the Committee on the Judiciary.

3636. By Mr. HOLMES of Washington: Petition of sundry citizens of Prosser, Wash., urging enactment of House bill 2082, to bring about a suspension of the alcoholic-beverage industry for the duration of the war; to the Committee on the Judiciary.

HOUSE OF REPRESENTATIVES

FRIDAY, NOVEMBER 19, 1943

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father Almighty, heaven and earth are filled with Thy glory and praise becometh the upright in heart. So often, dear Lord, strange fears and anxious hopes mingle in our breasts and then we would draw nearer to Thee and understand. For the joys of human experience do Thou make us tremendously ambitious, lifting us above the leaden things of life, shaping our souls mysteriously into the divine image.

O God, make us strong to bear the burden of and the heat of the day, dominated, enthralled by the spirit of justice; we plead for national deliverance from all social and political ills which undermine the domestic peace of our citizens. O let the spirit of our Master fall upon us like a garment until we deeply realize the sanctity of our heritage for the hope and advancement of mankind. Each day we pray that we may carry with us that patriotic devotion unabated, possessing the kingship of understanding and unity, inspired by the conquering supremacies of life. O lead us with strong wills and might of soul to believe that we are a part of a great purpose that shall carry with it the rapture of moral victory and spiritual progress for the sake of the appealing masses of this sad earth. In our Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

ANNIVERSARY OF THE GETTYSBURG ADDRESS

The SPEAKER. The Chair recognizes the gentleman from Indiana.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent that I may read to the House an address delivered by Abraham Lincoln 80 years ago today.